IRAN–CONTRA INVESTIGATION

JOINT HEARINGS

BEFORE THE

SENATE SELECT COMMITTEE ON SECRET MILITARY ASSISTANCE TO IRAN AND THE NICARAGUAN OPPOSITION

AND THE

HOUSE SELECT COMMITTEE TO INVESTIGATE COVERT ARMS TRANSACTIONS WITH IRAN

ONE HUNDREDTH CONGRESS

FIRST SESSION

100–9

JULY 23, 24, 28, AND 29, 1987

TESTIMONY OF GEORGE P. SHULTZ AND EDWIN MEESE, III

Printed for the use of the Select Committees on the Iran-Contra Investigation

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HOUSE SELECT COMMITTEE TO INVESTIGATE COVERT ARMS TRANSACTIONS WITH IRAN

JOINT HEARINGS ON THE IRAN-CONTRA INVESTIGATION

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Edwin Meese, III 1660

JOINT HEARINGS ON THE IRAN-CONTRA INVESTIGATION

Testimony of George P. Shultz

THURSDAY, JULY 23, 1987

House Select Committee To Investigate
Covert Arms Transactions With Iran
and
Senate Select Committee on Secret Military
Assistance to Iran and the Nicaraguan Opposition,
Washington, DC.

The Select Committees met, pursuant to call, at 9:00 a.m., in room 2172, Rayburn House Office Building, Hon. Lee H. Hamilton (chairman of the House Select Committee) and Hon. Daniel K. Inouye (chairman of the Senate Select Committee) presiding.

Chairman **Hamilton**. The Select Committees welcome before their hearing this morning the Hon. George P. Shultz, the Secretary of State.

Mr. Secretary, we are very pleased to have you this morning.

Would you stand please and raise your right hand to take the oath?

[Witness sworn.]

TESTIMONY OF HON. GEORGE P. SHULTZ, SECRETARY, U.S. DEPARTMENT OF STATE

Chairman **Hamilton**. Thank you, sir. You may be seated.

Mr. Secretary, do you have an opening statement?

Secretary **Shultz**. No, I don't, but with your permission, Mr. Chairman, I would like to make a few remarks.

Chairman **Hamilton**. Please proceed.

Secretary **Shultz**. I have testified on the general subject of these hearings on four different occasions.

First, I believe in this room in an open hearing on December 8th, then before the Senate Select Committee on Intelligence later in December. Then in closed session before the House Foreign Affairs Committee in mid-January and before the Tower Board.

You have that testimony. It is basically the same testimony. So I don't choose to read it out again.

You have got it available, and I think it has been declassified, so it is available.

In addition, Mr. Chairman, I have, as instructed by the President, made available to the committee as well as to other designated investigative groups—the FBI, the special prosecutor, and so on—my records, cables, memoranda, my notes of my personal recollections made contemporaneously with events, all of the material that I have has been made available and you have it.

This includes material about conversations that I had with the President and all of this is pursuant to the instructions of the President, who right from the beginning of these events took the position that all of the facts about what transpired should be made available as quickly as possible.

I supported enthusiastically that decision on the part of the President, and I think it is to his everlasting credit that he took that position and gave that instruction.

I want to make one point about it, however. I have on numerous occasions—including, I think, before your committee right here, Chairman Fascell—been asked about what advice I gave the President on this, that, or the other subject.

And I have always taken the position in 10½ years as a member of the Cabinet that those conversations are privileged, and I would not discuss them.

This is an exception, and I have made this material available at the President's instruction, but I mention it because if I am testifying before you on some other subject sometime and you try to use this as a precedent, I won't buy it. I am just putting you on notice right now.

Thank you, Mr. Chairman.

Chairman HAMILTON. Thank you, Mr. Secretary.

We will begin the questions this morning with Mr. Belnick. I want to remind members that unlike previous formats, Mr. Belnick will be the only attorney questioning and after he completes his questions, we will go immediately to the four principal questioners.

Mr. Belnick?

Mr. BELNICK. Thank you, Mr. Chairman.

Good morning, Mr. Secretary.

Secretary SHULTZ. Good morning.

Mr. BELNICK. Before commencing the examination, Mr. Secretary, and Mr. Chairman, I would like respectfully to call the panel's attention to exhibits GPS–A, B, and C. Those exhibits are chronologies of certain key events pertinent to Secretary Shultz's testimony which have been prepared by the staff and by the Secretary's office.

The entries in those chronologies are based on the Secretary's recollection and his records. The Secretary has approved those chronologies after reviewing them as accurately reflecting his knowledge of, or participation in, the events which are summarized there.

I should note, however, that these chronologies are intended, Mr. Chairman, solely as a convenient reference device and summary of highlights. They are not intended to be nor are they complete or exhaustive of the Secretary's recollection, knowledge, or involvement in any of the matters before the panel.

With that, Mr. Secretary, you are, as the Secretary of State, the President's chief foreign policy adviser and foreign policy spokesman; is that correct?

Secretary SHULTZ. That is correct.

Mr. BELNICK. You are a statutory member of the National Security Council; is that correct?

Secretary SHULTZ. That is correct. And I might say there are four statutory members: the President, the Vice President, the Secretary of State, and the Secretary of Defense. There are also two statutory advisers.

Chairman HAMILTON. Mr. Secretary, excuse me for interrupting. Mr. Secretary, you will have to speak right into that microphone. It is voice activated.

Secretary SHULTZ. The statutory advisers are the Director of Central Intelligence and the chairman of the Joint Chiefs of Staff; and there are two other statutory advisers, on other occasions, the Directors of the Arms Control Agency and of the U.S. Information Agency.

I say that because I find in these discussions often people refer to the NSC when they really mean the NSC staff. There is a difference.

Mr. BELNICK. Sir, as I understand, as Secretary of State, you are responsible, second only to the President, for the conduct of the foreign relations of the United States; is that correct?

Secretary SHULTZ. That is correct.

Mr. BELNICK. With these points in mind, Mr. Secretary, I would like to begin this morning by reviewing certain key events that the panel has been considering in order to establish when the Secretary of State was first informed of those events.

With your permission, I will come back later—and I know members of the panel will—to discuss the events in some detail, but for now I would like simply to establish, as I said, when you were informed of them.

With that, let me begin with this question: Mr. Secretary, when were you first informed that the President of the United States had signed a covert action Finding authorizing the sale of U.S. arms to Iran?

Secretary SHULTZ. On November 10, 1986, at a meeting in the Oval Office with the President's principal advisers during a briefing by Admiral Poindexter on what had transpired over the past year or so.

Mr. BELNICK. Mr. Secretary when were you informed that there was more than one such covert action Finding signed by the President?

Secretary SHULTZ. When I was testifying before the Senate Select Committee on Intelligence, I believe it was Senator Cohen, during the question period, asked me about a January 6th Finding. And I said to him, "Senator, I think you must be thinking of the January 17th Finding." I believe that was you. And you said, "No, January 6th." I said, "Well, that is the first I've heard of a January 6th Finding." So that is when I heard about it.

Mr. BELNICK. When were you first informed, Mr. Secretary, that the President had signed also a third Finding on December 5, 1985?

Secretary SHULTZ. When it emerged in the course of these hearings.

Mr. BELNICK. Mr. Secretary, when were you first informed that this nation had sold weapons directly to Iran?

Secretary SHULTZ. Well, it depends upon what you consider being informed. But when this all started to break in very early November, 1986, there were press reports of arms sales that seemed authoritative, and so that was my information literally on an arms sale from the United States to Iran.

Mr. BELNICK. Prior to then, prior to those reports in the press, had any member of the U.S. Government informed you that the United States had sold weapons directly from the United States to Iran?

Secretary SHULTZ. No.

Mr. BELNICK. Mr. Secretary, when were you first informed of the McFarlane mission to Tehran?

Secretary SHULTZ. It was after the mission, but I think shortly after it was completed.

Mr. BELNICK. And were you given the details of the mission at that time?

Secretary SHULTZ. I was told that it had fizzled and that with those events in mind, the fizzling of that initiative, that the whole project had been told to stand down.

Mr. BELNICK. Were you told at that time that Mr. McFarlane had brought U.S. weapons with him to Tehran?

Secretary SHULTZ. No.

Mr. BELNICK. Mr. Secretary of State, when were you first informed that Country Number Two, a major Middle Eastern nation, had provided $31 million to the Nicaraguan Democratic Resistance, which I shall refer to as the Contras, between 1984 and 1985?

Secretary SHULTZ. In June—I think it was June 16th, according to my records, I received a telephone call, a secure phone call, from Mr. McFarlane, who gave me that information.

Mr. BELNICK. June 16 of what year, sir?

Secretary SHULTZ. 1986.

Mr. BELNICK. When were you first informed that Country Number Three had contributed $2 million to the Contras in 1985?

Secretary SHULTZ. I have to get out your code here.

Mr. BELNICK. Yes, sir.

Secretary SHULTZ. I was—this has emerged here during the course of the hearings, and that is as I learned it.

Mr. BELNICK. You never were informed of that fact prior to these hearings?

Secretary SHULTZ. No.

Mr. BELNICK. Mr. Secretary, when were you first informed that Country Number Four had been solicited by the NSC staff to provide lethal assistance to the Contras in 1984?

Secretary SHULTZ. I—these things have all emerged during the hearings. That is when I learned of them.

Mr. BELNICK. Mr. Secretary, when were you first informed that U.S. negotiations with the second channel in the early autumn of 1986 had produced an agreement on a so-called nine-point agenda which provided for additional arms sales to Iran in exchange for hostages and which contained provisions also with respect to actions directed at the Government of Iraq?

Secretary SHULTZ. On December 13th of 1986. But if I may interrupt your questioning, I would like to expand on that.

Mr. BELNICK. Please.

Secretary **Shultz**. In the course of the effort to come to grips with what was taking place, the President put the management of Iran matters into my hands by that time. This—we are talking in December; sort of at first a little bit, but then for sure.

And I discovered that the CIA had a meeting scheduled with an Iranian for that date; and so we considered what to do, and we decided that we should go ahead with that meeting, that the CIA representative, who was scheduled to be the representative there, Mr. Cave, should go, but we would have accompanying him Mr. Charles Dunbar, who is a Foreign Service officer and Farsi speaker. And we would have instructions carefully written designed to use the meeting as a means to tell that channel that there would be no more arms sales discussed in that channel or anywhere else, but we wanted to get it through that way as well as other ways.

At the meeting, the message was delivered, but also as our representative listened, there were—it was back and forth discussion about this agenda, nine-point agenda. And so gradually then and in discussion with Mr. Cave, Mr. Dunbar got a reasonable idea of what was on this agenda. And then he called that back on December 13th, which was a Saturday, to the Department, and I saw it on Saturday afternoon, and it was astonishing.

So I called the President, or I called the White House to get an appointment with the President, and there was a lot of back and forth, what did I want to see him about, and so on, and I didn't seem to be getting an appointment right away. So I picked up the phone Sunday morning, and I called the President. I said, "Mr. President, I have something I should bring over here and tell you about right now." So he said, "Fine, come over." He happened to be in Washington.

I went up to the family quarters, and Al Keel, who was then Acting National Security Adviser, went with me at my request. And I told the President the items on this agenda, including such things as doing something about the Dawa prisoners, which made me sick to my stomach that anybody would talk about that as something we would consider doing. And the President was astonished, and I have never seen him so mad. He is a very genial, pleasant man and doesn't—very easy going. But his jaws set and his eyes flashed, and both of us, I think, felt the same way about it, and I think in that meeting I finally felt that the President deeply understands that something is radically wrong here.

There's more to all this than that, but I thought it was important to expand on that, because that was not just another event in chronology that you are going through.

Mr. **Belnick**. It is an important event, Mr. Secretary. We will come back to it later. Senator Rudman will be questioning you further about that event during his period with you.

Mr. Secretary, you have testified to facts which on one interpretation would indicate that you and the State Department were kept in the dark regarding the Iran initiative and matters pertaining to the Contras by those who knew the facts.

On the other hand, there has been testimony here recently by Admiral Poindexter, for example, that to the extent you were not informed it was because you asked not to know or to be involved particularly with the Iran initiative after you lost the argument with the President regarding that initiative.

In particular, Admiral Poindexter testified that he did not withhold anything from you that you did not want withheld from you. With this in mind, Mr. Secretary, this testimony in mind, let me ask you, first, whether you ever told Admiral Poindexter or any other member of the adminstration that you did not want to be kept informed of the Iran initiative?

Secretary SHULTZ. I never made such a statement. What I did say to Admiral Poindexter was that I wanted to be informed of the things I needed to know to do my job as Secretary of State.

But he didn't need to keep me posted on the details, the operational details of what he was doing. That is what I told him.

Now, the reason for that was—I'm not—that is the gist of what I told him. I don't remember the exact words I used, but that was about it. The reason for that was that there had been a great amount of discussion of leaks in the administration, justifiably so.

I think it is a terrible thing that goes on in Washington, leaks from everywhere, constantly, and we are all very concerned about it. And there had been, in connection with what to do about it, discussion of the idea of giving very large numbers of people who were—who had access to classified information, lie detector tests on a regular, random basis, which I opposed.

While I was on a trip abroad in the latter part of 1985, a directive encompassing that idea was signed. So I didn't comment on it when I was abroad, but when I got back here I did comment on it, registered my opposition, talked to the President about it, and it got changed.

Now that, I recognized, put me at odds with the intelligence and national security community, to put it mildly.

So I—what exactly would be done—and I am sure we will go into this—after the January meeting remained to be seen. But in terms of particulars, like who is going to go someplace to meet somebody and so forth, all of this kind of operational thing, it seemed to me, in the light of the suspicion cast on me as a result—and the hostility—that I would not know that. So I felt it would probably leak, and then it wouldn't be my leak.

So that was the background of this. It had to do with the problem of leaks.

But that doesn't mean that I just bowed out insofar as major things having to do with our foreign policy are concerned.

And then your previous question, the things that were being talked about, to consider that that statement would mean that I shouldn't be informed of things like that is ridiculous.

Mr. BELNICK. The main events you wanted to be kept informed of?

Secretary SHULTZ. Yes.

Mr. BELNICK. And that was true not only with respect to Iran, but with respect to all areas of foreign relations activity, including activities engaged in by the NSC staff in Central America?

Secretary SHULTZ. Not only did I want to be informed, but when I found out things, sometimes by chance, I did my best to act on those things.

Mr. **Belnick.** With these claims in mind, and Admiral Poindexter's testimony, let me review——

Secretary **Shultz.** They are not claims. They are just descriptions of what I said and my view of what I said.

Mr. **Belnick.** Yes, sir.

Let me review certain events with you.

Do you recall, Mr. Secretary, being briefed by Admiral Poindexter when he was about to assume the position of National Security Adviser on December 5, 1985, concerning the Iran initiative?

Secretary **Shultz.** Yes. He called me on the secure phone and gave me a lengthy briefing, and I felt very good about it, and I remarked to my executive assistant, who was there, that he told me more than I had known before of what went on in the latter half of 1985, and I felt this was a good thing and we were off to a good start.

Mr. **Belnick.** Do you recall what you told Admiral Poindexter about your views concerning the Iran initiative as he described it to you in that briefing?

Secretary **Shultz.** Well, I told him that I thought it was a very bad idea, that I was opposed to it. That doesn't mean I was—I was not in favor of doing things that had any potential for rearranging the behavior of Iran and our relationship with Iran, but I was very much opposed to arms sales in connection with that.

Mr. **Belnick.** Did you tell him at that time that, in your view, the proposed policy amounted to paying for hostages and had to be stopped?

Secretary **Shultz.** Yes.

Mr. **Belnick.** In that same conversation, sir, on December 5, the day that Admiral Poindexter briefed you on the initiative, did he tell you that on the very same day the President had signed a Covert Action Finding authorizing an arms shipment to Iran?

Secretary **Shultz.** No.

Mr. **Belnick.** Did Admiral Poindexter brief you about that Finding 2 days later, on December 7, 1985, when you met at the White House with the President and other senior officials to discuss whether the proposed initiative ought to go forward?

Secretary **Shultz.** No. That was—I'm sure that was not mentioned in that session.

Mr. **Belnick.** We will return to that December 7 meeting subsequently.

But let me ask you now about a subsequent meeting with the President and other senior U.S. officials on January 7, 1986, also concerning the Iran initiative and whether it ought to go forward.

Were you informed by Admiral Poindexter at that January 7 meeting that just 1 day earlier, on January 6, the President had signed another Finding with respect to arms shipments to Iran from the United States?

Secretary **Shultz.** That was never mentioned in that meeting.

Mr. **Belnick.** Then 10 days later, on January 17, 1986, according to the chronology, you attended a family group luncheon with Admiral Poindexter and others, at which there was a discussion of the legality and wisdom of the proposed Iran initiative.

I understand you argued at that luncheon that the initiative, in your view, would be both unwise and unlawful?

Secretary **Shultz**. That is correct. I came back to my office, and I told my assistant that we had had another discussion of this, and I had once again said that I thought it was illegal and unwise.

Mr. **Belnick**. Am I correct, sir, that at this January 17 luncheon the admiral did not inform you that on that same day, January 17, the President had signed the third of the Findings authorizing U.S. arms shipments to Iran?

Secretary **Shultz**. I would hardly have come back from the meeting saying that it was illegal if I had been informed that the Attorney General had provided a proper legal basis for proceeding.

Mr. **Belnick**. And do you recall another briefing listed on the chronology by Admiral Poindexter, a month later, on February 28, in which he discussed the hostage situation and advised you then of a possible high-level meeting between Bud McFarlane and certain Iranian representatives?

Secretary **Shultz**. Yes, I do. He told me that as a result of the discussions they had been having, that the Iranians had said they wanted a high-level meeting, and if there were a proper high-level meeting discussing our future possible relationships, that would be the occasion in which the hostages would be released.

I said, well, that sounds almost too good to be true, but anyway, if that's the case, I'm in favor of it. But I said I would—I believed that—he told me that Mr. McFarlane had been selected by the White House to conduct this mission, but I believed there should be written instructions, and that was agreed to, and so-called Terms of Reference were drawn up, which I saw and which I thought were fine.

Mr. **Belnick**. Did those Terms of Reference or instructions that you saw say anything about delivering U.S. weapons to Iran at that time or in connection with a McFarlane meeting?

Secretary **Shultz**. I believe they had at the end of them the suggestion that at some future time under the right circumstances it would be possible to resume an arms sale relationship and of course we have always taken the position that if we have an end to the Iran-Iraq war and an end to terrorism coming from Iran and so on, well, then, we could resume the relationship that we had had at an earlier time possibly.

Mr. **Belnick**. Did Admiral Poindexter tell you that the agenda for any meeting between Mr. McFarlane and Iranian representatives would include current deliveries of U.S. arms?

Secretary **Shultz**. No, in fact I regarded this written Terms of Reference that I asked to be drawn up, and which I reviewed, as a kind of reassurance to me that after all of the discussion, this negotiation had been taking place in a manner consistent with what I thought was proper, and I thought, well, maybe I won the argument after all with the President.

Mr. **Belnick**. In that light, did Admiral Poindexter tell you on February 28 that only 1 day before, that is on February 27, the United States had shipped 500 TOWs, TOW missiles to Iran, and that about 10 days earlier the United States had also shipped 500 TOW missiles to Iran?

Secretary **Shultz**. No, he did not.

Mr. **Belnick**. Did Admiral Poindexter tell you or inform you of the scheduled date for McFarlane's trip to meet with the Iranians?

Secretary **Shultz**. Well, what I was first told was that this was scheduled to be in Frankfurt, and I have forgotten whether there was a precise date attached to it, but the following month, I think, according to my records, on March 11, he called me and said that the discussion had continued and the Iranians wanted to meet on an island in the Persian Gulf and that in the end the meeting hadn't come off, and I got the impression because Mr. McFarlane objected to it.

Mr. **Belnick**. Were you told by Admiral Poindexter that the trip was off, period?

Secretary **Shultz**. So it was off.

Mr. **Belnick**. Did there come a time, Mr. Secretary, in May 1986, when you were advised by the U.S. Ambassador to Great Britain of an approach to a British entrepreneur by Mr. Nir about getting involved in an arms deal to Iran which had White House approval, which supposedly had White House approval, which had John Poindexter as the point man and which included participants such as Mr. Adnan Khashoggi and Mr. Ghorbanifar?

Secretary **Shultz**. Yes. I was in Tokyo for the economic summit taking place there in early May, and I received a cable from the Under Secretary of State, Mr. Armacost, who had been called by Ambassador Price, Ambassador Price reporting a conversation that had been volunteered to an officer in the Embassy in London.

The officer, obviously, having reported it to Ambassador Price. And the cable, detailed more or less what you said. I received it there in Tokyo.

Mr. **Belnick**. And if you look in your exhibit book, please, Mr. Secretary, at exhibit GPS-20, is that a copy of the cable that you received?

Secretary **Shultz**. Yes.

Mr. **Belnick**. We know from prior testimony that you have given that once you received this information, you spoke to Don Regan, the President's Chief of Staff, and Admiral Poindexter; am I correct?

Secretary **Shultz**. That is correct.

Mr. **Belnick**. I understand that in those conversations you objected strongly to any such deal, to the United States being involved, insisted that if there was such an operation, it be called off and warned that the President was seriously exposed and at risk if this information you had received was true.

Is that a fair summary?

Secretary **Shultz**. Yes, that is a fair summary. You can imagine how I felt when I read this cable. And so I—in the way we were staying, we were in the Okura Hotel and I was in one area of the hotel and the President and his immediate staff, including Mr. Regan and Admiral Poindexter, were in another part.

So I just walked over to the President's part of the hotel to talk to whoever was available; we were getting ready for the next meeting of the summit meetings, and I found first Mr. Regan and then Admiral Poindexter. I wasn't able to reach the President. And I went through this and I said, "Well, that is what you said."

Don Regan seemed to me to be very upset about it, said he would take it up with the President when he saw him at his own staff time, later told me that the President was upset and this was not anything he knew about, and Admiral Poindexter told me, I think his words were something like "We are not dealing with these people. This is not our deal."

He told Ambassador Price, who called him, that there was, I think his words were "only a smidgen of truth in it," something like that.

Mr. **Belnick**. So was it your impression from what Admiral Poindexter told you that there was no truth to the information you received, that we were not involved in that kind of transaction?

Secretary **Shultz**. I couldn't know whether or not the people mentioned were involved in some kind of transaction, obviously, but from what Admiral Poindexter told me, I concluded that, as he said, this is not our deal, it may be going on, but it is nothing we have to do with. So the representations that this is something that has been explicitly endorsed by the U.S. Government were wrong.

Mr. **Belnick**. Well, when Admiral Poindexter told you that this was not our deal in that conversation, which I understand from the chronology was on May 4, 1986, did he inform you that our deal involved an upcoming mission, which by then had been rescheduled to Tehran, which would be led by Bud McFarlane which would include a shipment of HAWK spare parts to Iran?

Secretary **Shultz**. No.

Mr. **Belnick**. Now, the conversation again between you and Admiral Poindexter about the information from the London Embassy was on May 4, 1986. With that in mind, sir, would you please turn to exhibit 21, GPS-21 in your book. That exhibit, Mr. Secretary, is a PROF note from Admiral Poindexter to Oliver North sent 1 day after you informed him of the information that you had learned from the London Embassy and after he told you that there was no truth to it or that it was not our deal. In that PROF message sent on May 5, 1986, Mr. Poindexter——

Secretary **Shultz**. I must have the wrong one.

Mr. **Belnick**. It is GPS-21.

Secretary **Shultz**. That's what I've got here. Go ahead.

Mr. **Belnick**. Do you have it now?

Secretary **Shultz**. This says, "Note from John Poindexter. Have you talked to Casey about this?"

Mr. **Belnick**. That's the bottom one. I'm referring to the note on top. There are two notes on that page. I don't want the one on bottom—the one on the top. In that note from Poindexter to North on May 5, 1986, he instructed North to bypass the London Embassy during the trip to London, and he said, quote, "Do not let anybody know that you are in London or that you are going there, do not have any contact with the Embassy." That as I said was one day after you informed Admiral Poindexter that the London Embassy had informed you of the approach to the British entrepreneur. I take it that Admiral Poindexter did not tell you that he had immediately instructed Colonel North to bypass the London Embassy.

Secretary **Shultz**. No, he didn't.

Mr. **Belnick**. Also, Mr. Secretary, if I could, let me ask you to turn to exhibit 24. That exhibit, sir, is a PROF note dated May 17, 1986, a few weeks after your conversation in Tokyo. It is a PROF note from Oliver North to Admiral Poindexter about the McFarlane trip to Tehran which was then being planned and about to lift off, and you will notice that near the end of that PROF note Colonel North suggests to Admiral Poindexter that there be a quiet meeting with Bud McFarlane and the President prior to the departure of the mission, and he queries whether the participants in that suggested meeting ought to include you and Secretary of Defense and the DCI. Do you see that?

Secretary SHULTZ. Yes, I see that.

Mr. BELNICK. If you turn please to the next exhibit GPS-25, you will see Admiral Poindexter's reply to that suggestion in the last sentence of the PROF messages that he sends back, and I quote, "I don't want a meeting with RR, Shultz, and Weinberger." I take it you were unaware of this exchange as well?

Secretary SHULTZ. Obviously.

Mr. BELNICK. And again, sir, when you spoke to Don Regan and Admiral Poindexter at the summit in May of 1986, about this information, nobody told you that a few weeks later the former National Security Adviser was heading to Iran with U.S. arms?

Secretary SHULTZ. No, they did not.

Mr. BELNICK. Now, sir, there came a time on July 26, 1986, that Admiral Poindexter, according to the chronology, advised you of the release from captivity of Father Jenco. Did the admiral inform you that this release had been achieved in any way as a result of the U.S. Iran initiative?

Secretary SHULTZ. No.

Mr. BELNICK. At that time, sir, in fact were you operating under the assumption that there was no initiative?

Secretary SHULTZ. I was operating under the assumption after the stand-down discussion that we would continue to work at the problems presented by Iran, and we had normal ways of doing that. And I think by that time we had initiated one additional one that you never know what may have some promise, but, anyway, it was a different and official proper way of trying to have a sensible discourse with them.

So that I didn't assume that we had lost interest in the Iran problem, we didn't, we never lost interest in it, but it is a question of how you do it.

Mr. BELNICK. By the way, the stand-down discussion was in late May or early June 1986, am I right?

Secretary SHULTZ. That's my recollection. I don't have a note in my records about it, but that is my, what is in my head.

Mr. BELNICK. But you understood when Admiral Poindexter told you that the people involved had been told to stand down that it was over?

Secretary SHULTZ. Yes.

Mr. BELNICK. Now Admiral Poindexter has testified that in parlance, the term "stand down" means that there's only a temporary hiatus, it is an intermission. But that's not how you understood it.

Secretary SHULTZ. That's not how I understood it, but I'm not, I'm a Marine, I'm not a Navy man. So I may be wrong about that. Somebody looked it up in the dictionary, though.

Mr. BELNICK. What did they find?

Secretary SHULTZ. Stand down means it's done, according to the dictionary.

Mr. **Belnick**. A dictionary does not take sides between the services.

Secretary **Shultz**. That's not necessarily a naval dictionary. I accede to Admiral Poindexter on that, but, what I understood that to mean was that this has been conducted and worked at and they went all the way to Tehran, and it fizzled. So, enough.

Mr. **Belnick**. Whether Army, Navy, or Marines, the admiral did not say to you we expect this to be rejuvenated within the next several weeks or any particular point in time?

Secretary **Shultz**. No. Although the initiative or effort that I mentioned a moment ago I think was something that he suggested, and I thought it was a good suggestion. I worked on it and a few of the key people who knew a lot about Iran in the State Department worked on it, and so it wasn't as though things were dead, as I said.

Mr. **Belnick**. But to be clear, as I understand your testimony, and please correct me if I'm wrong, this other initiative did not include or envision arms shipments to Iran?

Secretary **Shultz**. No.

Mr. **Belnick**. Mr. Secretary, you testified earlier when we began this line of questioning that you had told Admiral Poindexter that while you didn't need to be informed of what you called operational details, you did want and need to be kept informed of those facts which you needed in order to do your job, correct?

Secretary **Shultz**. Correct.

Mr. **Belnick**. Sir, in order to do your job as the nation's chief diplomat and as a statutory member of the National Security Council at a time when, through Operation Staunch, you were in charge of attempting to persuade our allies and other nations throughout the world not to sell arms to Iran, did you need to know that the United States itself was selling arms to Iran, that the President had signed Covert Action Findings authorizing those sales and that the President's former National Security Adviser was in Tehran on a diplomatic mission, bringing with him the first installment on a delivery of U.S. HAWK parts?

Did you need to know those facts?

Secretary **Shultz**. Certainly.

One of the many arguments that I used, and Secretary Weinberger used, in opposing having an arms sale dimension to the Iran initiative—one of the arguments—was that we felt that one way of getting the Iran-Iraq war to come to an end was to do everything we could to deny weapons to the country that was refusing to come to an end, and so we had a rather vigorous program called Operation Staunch.

Ambassador Fairbanks was in charge of it for a while and when he left Ed Derwinski, now Under Secretary of State, then counselor, was put in charge of it, and we made a very considerable effort to persuade people, and with some success.

Mr. **Belnick**. Were there any facts, Mr. Secretary, concerning the Iran initiative that you chose not to know and wanted not to know?

Secretary **Shultz**. Well, I chose not to know the operational details of how they were arranging meetings and so on, and I think

Admiral Poindexter, if he understood that he didn't need to tell me about that, was perfectly proper.

On the other hand, when you go beyond that into these more substantive matters, that's a different matter altogether.

Mr. BELNICK. Mr. Secretary——

Secretary SHULTZ. At least that's the way I saw it. He obviously saw it a different way.

Mr. BELNICK. Mr. Secretary, now I would like to turn in greater detail to your recollection of the key events, some of which we have summarized, involving U.S. policy toward the Nicaraguan opposition and the Iran initiative in the period 1984 through 1986.

Mr. Chairman, I would like to start with events involving support for the Nicaraguan opposition, and specifically non-U.S. Government support for the Contras. And, again, these events are summarized in the chronology which is GPS exhibit A.

Mr. Secretary, you recall discussions in the spring of 1984, in our government in which you participated, concerning seeking support for the Contras from certain third countries, correct?

Secretary SHULTZ. Yes.

Mr. BELNICK. And one of those countries, as the chronology indicates, is the country we have given the number one to, and you opposed going to Country One for Contra assistance, am I correct, as well?

Secretary SHULTZ. Yes, I did.

Mr. BELNICK. And by April 18th of 1984, according to the chronology, you had made clear to Bud McFarlane, who was then the National Security Adviser, that you were opposed to approaching Country One for Contra assistance, correct?

Secretary SHULTZ. Yes.

Mr. BELNICK. You had also said and expressed your position that in no event would you agree to the U.S. Government serving as an intermediary or a conduit for aid to the Contras from any third-country source; is that correct?

Secretary SHULTZ. That's correct, and I questioned— without being a lawyer, I questioned the legality of any such arrangement.

Mr. BELNICK. Now, after expressing that position—those positions, rather—did you then learn in May 1984, from our Embassy in Country Number One that Mr. Teicher of the National Security Council staff had, in fact, approached Country Number One for a contribution to the Nicaraguan opposition and had said that the U.S. Government would serve as a conduit for any such contribution?

Secretary SHULTZ. Yes. We had that from the Ambassador, Ambassador Sam Lewis.

Mr. BELNICK. Prior to that, did you have any information from the National Security Adviser or staff that a member of that staff was going to make this approach, the same approach that you had expressed opposition to?

Secretary SHULTZ. No, I didn't.

Mr. BELNICK. I understand that after you learned from our Embassy of the information, that you saw Mr. McFarlane at the White House at the beginning of May and confronted him with what you had learned, correct?

Secretary SHULTZ. That's right. I objected to it.

Mr. **Belnick**. And what did Mr. McFarlane tell you regarding what you had learned of Mr. Teicher's approach and suggestion that the U.S. Government serve as a conduit for any contribution from Country One?

Secretary **Shultz**. Well, as I recall, and I think my notes to this effect are that he said that Mr. Teicher was there, was not operating on instructions, he was there on his own hook.

Mr. **Belnick**. Subsequently, did you hear otherwise as to whether Mr. Teicher was there on his own hook?

Secretary **Shultz**. Mr. Teicher, as I am remembering it, this is all something that can be looked up in these records, but as I remember, Mr. Teicher went to Ambassador Lewis and said that he wanted Ambassador Lewis to know that he was there under instructions.

Mr. **Belnick**. And that what he had said was the result of strict instructions he had received?

Secretary **Shultz**. Right. That is what Teicher told Ambassador Lewis.

Mr. **Belnick**. I gather, then, Mr. McFarlane did not tell you at the time, after he told you that Teicher was there on his own hook, that he had both asked Mr. Teicher to make the approach to Country Number One and that after you had expressed opposition to any such approach by April 18, Mr. McFarlane had sent Mr. Teicher back to the official of Country Number One with further instructions to make another approach. I take it you were not informed of that?

Secretary **Shultz**. No, I wasn't.

Mr. **Belnick**. In that connection, sir, would you please look at exhibit no. 58 in your book, which is a redacted version of a memorandum from Mr. McFarlane to Mr. Teicher dated April 20, 1984, and I can represent to you that the country name, which is blocked out, is the name of Country Number One.

Mr. McFarlane, under the heading "Help with the Contras," said to Mr. Teicher on April 20, "As we discussed, please reaffirm to the official of Country Number One as he has already heard, one, we will not press them on the question of assistance to the Contras; two, it is an important matter to us, and we face a temporary shortfall in goods; three, we are of course very conscious of the vulnerability it would create for the Government of Country Number One; four, if they should decide that they could help, it ought to be done bilaterally although we would be pleased to provide a point of contact," which is blacked out, "five, please also let it be known that in your view I am a little bit disappointed in the outcome, but we will not raise it further."

Was that an approach which you had authorized, Mr. Secretary?

Secretary **Shultz**. No.

Mr. **Belnick**. Was that an approach you were informed of?

Secretary **Shultz**. No.

Mr. **Belnick**. Have you ever learned of it before now?

Secretary **Shultz**. No. This is just stuff coming out here.

Mr. **Belnick**. I would like to turn your attention now, Mr. Secretary, to an NSPG, National Security Planning Group, meeting, which took place on June 25, 1984. You have in one of the books, I hope before you, excerpts of the minutes of that meeting which are still—it is one of the thin ones. That is too thick.

Secretary SHULTZ. These are your books.

Mr. BELNICK. I take no responsibility.

Secretary SHULTZ. Tell me where to look.

Mr. BELNICK. I will inform you that I didn't put those books together. These are excerpts of the minutes of the NSPG of June 25, 1984. They are still classified, but they can be referred to for purposes of refreshing recollection. The subject of that meeting was the situation in Central America and specifically, insofar as we have excerpted the discussion, whether to obtain third-country support for the Contras. Am I correct that your position at that meeting on June 25, 1984, was that you did not believe it would be lawful at that time to seek third-country assistance for the Nicaraguan opposition?

Secretary SHULTZ. That is correct. What I must have had in mind is that there would be ways of doing it that would be unlawful, and I perhaps had—I am not sure about this—but in my mind, the proposal that I had seen was for us to be essentially a conduit.

Mr. BELNICK. Did you have a view then as to the wisdom of the policy of approaching third countries for assistance at that time, June, 1984?

Secretary SHULTZ. I am a very strong supporter of the idea of helping those people in Nicaragua who are ready to fight for the freedom and independence of their country to do so. And I am convinced that it is very much in the interest of the United States and of the new democracies in Central America to provide that kind of help, and I hope and pray that when we come to act on this matter, we will continue to do what was put into place last year. So I have always been a very strong supporter.

My feeling always has been that in the end, to provide that kind of support that really will do the job, it will be necessary to do it with the support of the Congress. I felt, and feel today, that the Nicaraguan Democratic Resistance is a genuine force and that somehow they would hold themselves together, and as Tony Motley put it, they could rustle up their own money somehow, at least enough to keep going.

But our major concern should be to conduct ourselves so that we maximize the chance of persuading the Congress to come back on board and give support. And I felt that if we, if we actively solicited third countries, we would be cutting against those objectives in our arguments with the Congress, and beyond that it seemed to me that since this is a matter of vital interest to the United States, we couldn't, we didn't want to get ourselves in the position where we have to rely on what we can persuade other people to do to serve our vital interests. We have to step up to those ourselves. That was my thinking.

Mr. BELNICK. On the legal side, did you conclude and express the view at the NSPG meeting that you ought to get an opinion from the Attorney General as to whether the United States could help the Contras with assistance from third countries?

Secretary SHULTZ. Yes. There was a back-and-forth argument about the subject of legality, and I am always a little hesitant to express myself on those subjects surrounded by lawyers, as I am here and everywhere.

Mr. BELNICK. Sir, there is never enough.

Secretary SHULTZ. But I have noticed in my—I have noticed in my experience in the Government that when you go to an official, professional lawyer——

Mr. BELNICK. Uh-oh.

Secretary SHULTZ. —who is holding office and you say, "I want an opinion, I want you to write it down and sign your name to it," that that gets their attention. It is better than a casual, you know, "I guess it is OK" kind of thing.

So I said, "Well, let's have a formal opinion, and then we will know what we can do and what we can't do."

Mr. BELNICK. Do you recall what Mr. Meese, who was not Attorney General at that time, but who was present at the meeting, do you recall what Mr. Meese counseled with respect to obtaining an opinion from the Attorney General?

Secretary SHULTZ. No, I don't recall the sort of back-and-forth of discussion particularly. It was quite a while ago.

Mr. BELNICK. Would you look at page 4, please, of the excerpts of that meeting and tell me whether it refreshes your recollection, the top of page 4, under the heading, "Mr. Meese," whether it refreshes your recollection of the comments that Mr. Meese made about going to the Attorney General for an opinion.

Secretary SHULTZ. I don't remember that, but I see that he is saying, "We want to tell the Justice Department we want a proper and legal basis, so I don't have any objection to that." But I don't remember that.

Mr. BELNICK. Do you recall that Mr. Meese also indicated that if you went to the Department of Justice for an opinion, it would be important to tell the Department of Justice where you wanted to come out?

Secretary SHULTZ. No, I don't recall that he said that. Maybe you can get that implication from that sentence, but I don't think that—I don't remember that at all.

Mr. BELNICK. All right, sir.

Do you recall that at the conclusion——

Secretary SHULTZ. Actually, I don't think that it works that way. At least based on my experience. I remember a time I think I was the Director of the Budget and one of the big issues at the time was impoundment and Presidential authority to impound funds.

I see some of the old timers here remembering that fight or issue.

And the—it was obvious that the President had the right—going back to George Washington, had impounded funds that the Congress had appropriated, but the authority had been used sparingly, so it had never been a subject of much debate. But there was in mind an effort to use it much more aggressively, in an effort to cut down spending, which we were trying to do.

Sounds familiar, doesn't it? And the question was whether the President could refuse to spend funds that the Congress had appropriated, could impound them.

So the answer seemed to be, well, let's make it—be sure we are legal, we will ask the Justice Department for a proper and legal basis, and so we would ask our good friend, who was the Assistant Attorney General for whatever it is called, Legal Rulings, or whatever, to do it. And so they did put the question to that man, who happened to be Bill Renhquist.

And they got back an answer that they really didn't want. So that registered, as you can see, very deeply with me and that is why I say that you take a top-notch lawyer who is in office and you ask him for a written opinion that he signs his name to, that is a pretty good way to proceed.

Mr. Belnick. OK.

And at the end of the June 1984 meeting, as I understand it, Mr. McFarlane proposed that things be held in abeyance and that there be no authority for anyone to seek third country support for the Contras pending receipt of an opinion from the Attorney General?

Secretary Shultz. I believe that is right.

Mr. Belnick. While Mr. McFarlane so proposed at that time, Mr. Secretary, did he inform you that at the same time, or thereabouts, that he, Mr. McFarlane, had met with an official of Country Number Two and obtained a contribution of $1 million per month for the Contra cause?

Secretary Shultz. No, he didn't.

Mr. Belnick. And is it the fact, sir, that the same information was withheld from the State Department when the Under Secretary of State, Mr. Armacost, asked Mr. McFarlane on August 7, 1984, how the Contras were being funded?

Secretary Shultz. We were having a discussion of that fact among a group of people, and I have some notes on that that says who, but Mr. Armacost did raise the question where are they getting the money and Mr. McFarlane said he didn't know. But they seemed to have money coming in at a rate of about a million dollar a month.

We didn't think that was particularly surprising. That is, it seemed to us quite possible that the Freedom Fighters could raise that much money.

Chairman Hamilton. Excuse me, Mr. Secretary, Mr. Belnick. A vote is pending in the House, so House Members will be leaving to vote. I think we should continue with the questions.

You may proceed.

Mr. Belnick. Yes, sir.

Thank you, Mr. Chairman.

Did you ever receive the legal opinion from the Attorney General that was discussed at the June 1984 meeting?

Secretary Shultz. No. The subject seemed to die down.

Mr. Belnick. Do you know if the opinion was formally sought from the Justice Department?

Secretary Shultz. I don't.

Mr. Belnick. I would now like to turn, Mr. Secretary, to another NSPG meeting which occurred almost exactly 2 years later, the minutes of which are excerpted in the same book. That meeting was held on May 16, 1986, and the subject was again the need for money to sustain the Contras at that time.

Now, at that meeting, as I read the notes, you were a forceful proponent of soliciting third-country assistance for the Contras, even as a more desirable alternative for the temporary period, for the bridge period than trying to rely on getting reprogrammed funds from Congress.

And my question, if that is a fair characterization of your position, is why your views had so changed in the 2 years between June 1984 and now, May 1986?

Secretary **Shultz**. The whole atmosphere had changed. Congressional attitudes had changed and the law had changed. And so I thought under those circumstances, it was perfectly proper to do it, in fact, perhaps even desirable if we could do it in the right way.

Mr. **Belnick**. And the change in the law to which you refer was the change which expressly provided that the State Department could solicit humanitarian aid for the Nicaraguan opposition, subject only to the strictures of the Pell amendment; am I correct?

Secretary **Shultz**. That is correct.

Mr. **Belnick**. Now, the meeting in May 1986——

Secretary **Shultz**. In fact, I think——

Mr. **Belnick**. I am sorry.

Secretary **Shultz**. —I think it is important to recognize that the Pell amendment, which has the structure of a restriction, is, in effect, an authorization so long as you pay attention to the restriction.

There was later a different and very much more direct authorization, but the Pell amendment we regarded as a clear authorization, and since we particularly were involved in the negotiations about that amendment, we felt we had a very clear notion of what the congressional intent was.

Mr. **Belnick**. The May 1986, NSPG meeting ended with you being asked to prepare a list of countries which could be approached to make donations or contributions to the Contras; is that correct?

Secretary **Shultz**. That is correct.

Mr. **Belnick**. When you were asked to undertake that assignment, did anyone inform you then of the prior solicitation of Countries Number Two, Three, Four or any others?

Secretary **Shultz**. No.

Mr. **Belnick**. But subsequently, as you testified earlier today, you heard from Mr. McFarlane on June 16 of 1986, a month after the NSPG meeting when you were asked to come up with a list, that Country Number Two had given $31 million; correct?

Secretary **Shultz**. That is correct.

Mr. **Belnick**. I take it that at that time when Mr. McFarlane so informed you, you were unaware of an exchange of messages between Colonel North and Admiral Poindexter on June 10 to which I would like to direct your attention.

They appear at tab 28 of your exhibit book; 28.

Secretary **Shultz**. I turn this paper over—I don't know where the television cameras are. I know this is a very secret code here. I don't want anybody to know it.

Mr. **Belnick**. The second page of the exhibit, 28, is a PROF note from Colonel North to Admiral Poindexter dated June 10, 1986, and near the end of that last several lines, he says, "I have no idea what Shultz knows or doesn't know, but he could prove to be very unhappy if he learns of the"—and Country Number Two is one of the countries' named there which has been blacked out—"of the

Country Number Two aid that has been given in the past from someone other than you. Did RCM"—that is McFarlane—"ever tell Shultz?"

If you will look, sir, at the first page of the exhibit, that is Admiral Poindexter's response to Colonel North's PROF note, the same day. And he says, a few lines up from the bottom—actually a few lines down from the top, "To my knowledge, Shultz knows nothing about the prior financing. I think it should stay that way."

You obviously were unaware of those messages and of the fact that subsequent to sending this message, Admiral Poindexter talked, as he has testified here, to Bud McFarlane who then called you in June of 1986.

You were unaware of those events?

Secretary SHULTZ. I was unaware of that. But—I was mystified as to what was the reason for this call out of the clear blue sky from Mr. McFarlane, so this seems to explain it. But I didn't know that at the time.

Mr. BELNICK. And Mr. McFarlane gave you no context for the sudden information about a $31 million contribution?

Secretary SHULTZ. No.

Mr. BELNICK. Now, sir, after the May 16, 1986 meeting, did you pursue the assignment you had been given to come up with candidate donor countries?

Secretary SHULTZ. Yes, I did. But it is not that easy. At least given the way it seemed to me you should think about it. It seemed to me not a particularly good idea to go to countries with which we had a big military or economic assistance relationship, because it could be too easily misinterpreted. And I didn't think it was a good idea to go to a country where we would, in a sense, be giving them a major marker and where we had things that were very difficult and delicate to deal with or to a country that was being run in a way that we found essentially undesirable and somehow could wind up compromising us.

So by the time you place all these restrictions down, you eliminate a lot of countries.

Mr. BELNICK. Among which would have been Countries Two and Three and Four for various reasons?

Secretary SHULTZ. Probably, I think it was questionable. But at any rate, you ought to try to think of something else first, I thought, and rack your brains about that.

Mr. BELNICK. And what country did you come up with?

Secretary SHULTZ. It wasn't my idea, but I think it was a very good idea, and I will say the name of the country, although I have been resisting it all this time, because we told them we wouldn't. But they have made their own announcement. We came up with the idea of Brunei, or Elliott Abrams, at least to my knowledge, thought about it and it seemed perfect.

Mr. BELNICK. And you tasked Elliott Abrams with the assignment of attending to the details of approaching Brunei at that time, of getting things set up so that the approach could be made?

Let me be specific. You knew that Mr. Abrams obtained an account number from Colonel North into which a contribution from Brunei, if it were obtained, would be deposited?

Secretary SHULTZ. Well, I think what happened was that he made this proposal, I thought it was a good idea, kind of in the abstract or in principle. This was just before I was about to go on a trip to Asia, an annual meeting with the Asian foreign ministers, and when I do that, I always try to go to one country in the Asian group beyond the one where we happened to meet, so that I go to all of those countries. And I had planned to go to Brunei as part of this effort and everybody knew that schedule.

So the question was should I bring this up when I was in Brunei. I decided it wasn't appropriate for me to do that, but at any rate, I raised the question with Elliott, "Suppose I am there and they agree, then what do I tell them to do next? How do they make this contribution?" And that is what brought forth the bank account number.

Mr. BELNICK. And am I correct that you were informed that the number was the number of a Contra account?

Secretary SHULTZ. The idea was that we were making a solicitation for humanitarian aid to help the Freedom Fighters and that the way to do it was to deposit the money in an account that the Freedom Fighters controlled and then that transaction would have been made. That was a way of having that happen so that it didn't—the money didn't come to us and then go to them. It was a direct contribution of Brunei to the Freedom Fighters.

Mr. BELNICK. And were you informed that the account you were given was, in fact, an account that the Contras controlled?

Secretary SHULTZ. That was my understanding, which I got from Elliott, and I—he has told me that is the information he got from Colonel North, from whom he solicited—or whose advice he sought, who gave him this number.

Mr. BELNICK. And as I understand it, Secretary Abrams gave you the account number on a card which you carried with you to the conference in Asia in the event you were going to see the Chief of State of Brunei and the contribution was discussed, you were to give him that card or at least the number on it; is that correct?

Secretary SHULTZ. That was the idea. I don't know that I carried it around personally, but anyway, we had it on the trip.

Mr. BELNICK. And had you on that trip seen the Sultan or a representative of the government, and had the contribution been discussed and agreed to, you would have given him the account number that Secretary Abrams had given you?

Secretary SHULTZ. Yes, but I didn't.

Mr. BELNICK. I understand, sir.

Secretary SHULTZ. As it turned out.

Mr. BELNICK. But those who sent you with the account number, Colonel North, others knew that that account number was one which the Secretary of State might hand to the Chief of State of Brunei in connection with seeking a humanitarian contribution to the Nicaraguan opposition; correct?

Secretary SHULTZ. Well, without—I don't want to overdo the niceties of things, but I doubt that in the end I would have handed it to the Sultan. I think probably that would have been—if I had done it, it would have been discussed and some way would have been found to give them the number, a proper way.

Mr. BELNICK. But the number was intended——

Secretary **Shultz**. It's not relevant, but I think—I wouldn't want the Sultan to think that I would try to conduct that level of business with him.

Mr. **Belnick**. The account number was intended to get to the Sultan?

Secretary **Shultz**. Yes.

Mr. **Belnick**. All right.

Secretary **Shultz**. Well, get to the Government in an authoritative way.

Mr. **Belnick**. All right. And nobody informed you at that time—not Colonel North, not Admiral Poindexter—that the account number you were given which was intended to get to the Government of Brunei for the purpose of the humanitarian contribution was the account number of Lake Resources, which was an account that was used for buying arms and furnishing lethal assistance to the Contras as well as for other purposes, and was under the control of Messrs. Albert Hakim and Richard Secord? You were not informed of those facts, were you, sir?

Secretary **Shultz**. No. We were informed otherwise; that this was an account controlled by the Nicaraguan Resistance.

Mr. **Belnick**. The remainder of the——

Secretary **Shultz**. I would say Elliott was informed of that and that is the information he gave me. I didn't—I wasn't that much involved directly in the discussion about that number.

Mr. **Belnick**. Mr. Secretary, I don't propose to go into the remainder of the Brunei story. That has been testified to by the panel, testified to by other witnesses before the panel. Members of the panel may have questions for you on it, and I would just point out that the record that the committee has before it on Brunei is now augmented by the exhibits which appear at 56A through U which make up the account number and the cable traffic between the State Department and the Government of Brunei concerning this matter.

But I'll move on.

Mr. Secretary, during his appearance before the panel, Colonel North testified that you were aware of his activities, knowledgeable about his activities in assisting the Contras and in coordinating what was referred to during his testimony as a full-service operation of resupply and lethal assistance to the Contras during the period of the various Boland restrictions.

Let me read to you some of the precise testimony that Colonel North gave on that point. In questioning by Mr. Nields, Colonel North said as follows, in response to questioning by Mr. Nields: "As I said yesterday, counsel, it was fairly well known, certainly to those men although they may deny it, what I was doing. There came a time when the man at the top of that list—" and he was pointing to a memo, sir, which had your name at the top of the list as a recipient—"there came a time when the man at the top of that list, at the occasion of the retirement of Ambassador Robert Oakley took me aside just weeks before I was summarily fired, put his arm around my shoulder, and told me what a remarkable job I had done keeping the Nicaraguan Resistance alive. There is no doubt that they knew what I was doing, and yet I didn't think it was necessary that the hundreds of staffers who would see that memo on the way to their front officers had a clear recognition of what I was doing."

In response to further questions by Mr. Nields on that same point, Colonel North then testified as follows: "Now as I just indicated to you a few moments ago, when Secretary Shultz took me aside at Ambassador Bob Oakley's retirement, I knew what he meant. He didn't have to say you did a great job on the L-100 resupply on the 9th of April. He knew in sufficiently eloquent terms what I had done."

Did you, sir?

Secretary SHULTZ. No.

Mr. BELNICK. Would you describe this event to, as you recall it at Ambassador Oakley's retirement, at which time you spoke to Colonel North, if you did?

Secretary SHULTZ. I hardly know Colonel North, although like everybody else in America, I feel I know him well by now.

But I hadn't any direct contact with him other than seeing him occasionally in meetings which he sometimes but not very much spoke, so I had no direct knowledge. But I had heard a lot about his devotion to the cause of the Nicaraguan Freedom Fighters and particularly from Mr. McFarlane on various occasions—but—various occasions that he had worked very hard to keep up the morale and work with the leaders of the Nicaraguan Resistance during the period when they weren't getting any support from the United States. And that that effort on his part, which was rather personal, had been an important element in keeping their spirits up. That was what mainly Bud McFarlane had told me, and I had no reason to doubt that, and, in fact, I think it is probably true.

So we had a little—I think I gave Ambassador Oakley an award, and a little reception, and people were invited who he had worked with. And Colonel North was there in a sort of a room in the State Department where we do that, and I noticed him. And I went over. I don't remember putting my arm around him, but anyway as I do go around, particularly to people that I don't see much and say hello, and I did, and I said to him, I don't know precisely what, but that I knew that he had extended himself to keep up the morale of these leaders, and I appreciated it, and I do.

Mr. BELNICK. Sir——

Secretary SHULTZ. But that was the sum and substance of it. To build on that remark this superstructure of implication is entirely unwarranted.

Mr. BELNICK. Would you look, sir, at exhibit 31 in your book, which is a PROF note to Colonel North from Mr. McFarlane dated July 29, 1986, and I'm—I refer you to the sentence at the end which states, "George Shultz finally realizes what an enormous job you have done. If he didn't before, he does now. After 4 hours this evening at his place with just the four of us preaching the gospel to him to include Elliott's key role."

Do you recall that occasion with Mr. McFarlane?

Secretary SHULTZ. Yes. It was an informal supper at my house that our respective wives had arranged, and he came over and we talked about this and that, and I don't remember precisely, but this perhaps was one of the occasions when he talked to me a lot about the work of Colonel North and the fact that he had been singled out by people who were very much against our help to the Nicaraguan Resistance, was taking a beating on that accord, and so on.

He had made the same presentation and Admiral Poindexter had, as questions had been raised about Colonel North's role to us and to Members of Congress. I think there were a couple of occasions on which questions were raised and it was looked into, and on one, Mr. McFarlane and another Admiral Poindexter weighed heavily and, I think, with you, Mr. Chairman. So these questions had been raised and people satisfied themselves that everything was being done in a proper way.

Mr. **Belnick**. And you were not informed by Mr. McFarlane or Admiral Poindexter, as I understand your testimony, or anyone else of the extent of Colonel North's activities regarding the Contras except to the extent you've testified this morning?

Secretary **Shultz**. That is right.

Mr. **Belnick**. Sir, did you ever express the view that Colonel North was a loose cannon?

Secretary **Shultz**. No, I didn't. What I said—I think what you are referring to is an incident toward the end of a staff meeting in my office in which I told Elliott Abrams—the question was where are the Freedom Fighters getting their arms, as I remember, and I said to—Elliott said he didn't know. I said well, you're our point man here, you should find out. Or something like that.

Mr. **Belnick**. As I understand, that conversation took place on September 4, 1985. Secretary Abrams has described that conversation here based on a note that he took in which he said you told him to "monitor Ollie."

Is that your recollection of the instruction you gave him?

Secretary **Shultz**. Well, my recollection is based on a note that was taken by somebody else who was in the meeting about what it was that I said and what I said is the way I put it. But no reason why Elliott shouldn't have taken it that way, because Colonel North was commonly seen as a principal contact with the Freedom Fighters.

Mr. **Belnick**. Did you have a view at that time that Colonel North, because of any information that you had about him, was someone who had to be watched closely or that Elliott ought to monitor?

Secretary **Shultz**. There was talk around about erratic behavior on his part, but I had no particular knowledge about it and didn't want to pass judgment. I'm not—and I can't get myself in the position of supervising people down the line working for others.

Mr. **Belnick**. But you did expect, based on what you told Secretary Abrams, September 4, 1985, that he would keep himself informed about the activities, and as I have read the note specifically, about how the Contras were getting supplied with arms and not simply shut his eyes to that?

Secretary **Shultz**. Yes.

Mr. **Belnick**. All right, sir, in light of what you now know or have heard from the investigations regarding, for example, the role of Colonel North and other NSC staff members in assisting the Contras during the period of the Boland restrictions, the involvement in the Hasenfus flight, the involvement of at least one of our own Ambassadors, Mr. Tambs, in negotiations for an air strip to be used in Central America for Contra resupply and in helping, as he testified to this panel on instructions from Colonel North to open a southern military front against Nicaragua during the period of the Boland restrictions, in light of those facts and others that have come out during the investigations, is it your view that Secretary Abrams carried out your instructions to keep himself and you informed?

Secretary **Shultz**. What has been brought out in these hearings about all of the activities you mentioned has surprised a lot of people. It surprised me, it must have been a surprise to Chairman Hamilton, who looked into this as couple times and had assurances. So I imagine it has surprised the President. So things have come out that we didn't know about.

It wasn't too long, I think, after I had that conversation with Mr. Abrams that the results of inquiring into Colonel North's activities—and at that time I think Mr. McFarlane was the National Security Adviser—concluded with our feeling, and I think Chairman Hamilton's feeling that we had looked into this matter and there was no problem. So this was part of the general understanding, and that is what Elliott thought, and that is what I thought.

Mr. **Belnick**. Mr. Secretary, Senator Rudman will have additional questions concerning Secretary Abrams and other matters relating to him, including his testimony before the Senate Select Committee on Intelligence last year, so I will move on.

I would like to go now to the more detailed discussion of events involved in the Iran initiative and your participation and knowledge beginning in the summer of 1985. And from the chronology, I understand that the events begin in connection with what you began to learn roughly at the end of May, 1985 when Ambassador Lewis reported back to Washington that Michael Ledeen, who was then in Israel, talking to Israeli officials about obtaining intelligence concerning Iran, with the twist being that Mr. Ledeen was there without prior notice to the U.S. Embassy in Israel or the State Department, is that correct?

Secretary **Shultz**. But seeming to represent himself as being on an official mission.

Mr. **Belnick**. And when you received that information, you got in touch with Mr. McFarlane complaining and asking him to explain. Am I correct?

Secretary **Shultz**. I think there is a detailed chronology that you can pull out of my notes, and I am not sure I can remember it right out, but basically Ambassador Lewis—who is a terrific Ambassador and as a point of pride knew, felt he should know everything going on in the country where he was Ambassador that involved the U.S. Government and intended to find out—called, upset that this meeting had taken place and there was no, he had no information about it, and he called my executive assistant and said, "Do you know anything about it?" And he said, "No, we don't know a thing about it."

And then the process proceeded from there in a series of back-and-forth statements that wound up in the form of cable traffic, because it wasn't long after that that I left for Europe. But I think if we go through these notes, my memory isn't good enough to remember precisely each event.

Chairman HAMILTON. Mr. Belnick, excuse me for interrupting. Would it now be an appropriate time for recess?

Mr. BELNICK. Yes, sir.

Chairman HAMILTON. We will stand in recess for 10 minutes.

[Recess.]

Chairman HAMILTON. The joint hearings will come to order.

Mr. Belnick, you may proceed.

Mr. BELNICK. Thank you, Mr. Chairman.

Mr. Secretary, if I could ask, would you please turn to exhibit 5 in your book. And I believe you will be able to identify that exhibit as the cable that you sent to Mr. McFarlane at the beginning of June, 1985 concerning the Ledeen visit about with which you were testifying at the break. Am I correct?

Secretary SHULTZ. Yes.

Mr. BELNICK. And then exhibit 6, the next exhibit, so that we don't have to take time on the testimony, I believe you will recognize as McFarlane's cabled response to you, dated June 7, 1985, in which you will see on the last page in a PS that Mr. McFarlane said to you that Mr. Ledeen was "there on his own hook" and that Mr. McFarlane was "turning it off entirely." That is what he informed you, correct?

Secretary SHULTZ. That is what it says.

Mr. BELNICK. And likewise a year earlier, Mr. McFarlane had informed you that Howard Teicher was in Country Number One, in effect, on his own hook.

Secretary SHULTZ. Yes. But you—what is happening here in this, in your interrogation of me, is something like this: There is a huge flow of events that is going by me daily, weekly, monthly, every year, it is gigantic, and we have a pretty good recordkeeping system in the State Department, and I have a practice of trying to keep my own personal notes when something important happens, or just dictate off something that gets written down so I can keep track of what is going on, and if there is something I need to do, I remember what somebody told me, and I will go do it.

So we have this gigantic amount of stuff, let's call it a big hay stack, and now comes this investigation, and I want to find out everything I can about these events. And so we scout around in the department for all the records we can find, and I look through all of my notes, or have my executive assistant do it, since he wrote them down mostly, and it is like you are going into this hay stack and finding a needle here, a needle there and another needle and so on, and you get all these needles out and lay them out one after the other, and there is—and it is possible to make more coherence out of it than perhaps there really is.

You are connecting an incident involving Mr. Teicher in 1984 with an incident involving Mr. Ledeen both in Country One—and so those things happened, but it isn't as though, in my mind, I am saying, gee whiz, I remember back in '84 about Teicher, that had left me. I was—so it is—I am not making this statement in any critical way. That's the way you have to go about it, but I think you can link these things up too much.

Or perhaps you could say maybe I should have been linking them up more, but it's not so easy as you are coping with all of these things going on.

Mr. **Belnick**. I understand what you are saying, Mr. Secretary, and on this occasion I was not meaning to suggest that when you heard this in May of 1985 you immediately thought back to what you had heard in 1984 about Mr. Teicher. There is coherence and a pattern that sometimes does emerge after the fact that is not seen prospectively.

Secretary **Shultz**. Exactly. So that's what is happening.

Mr. **Belnick**. It is something, though, we do see and are trying to bring some coherence to it?

Secretary **Shultz**. Yes, I agree.

Mr. **Belnick**. But I wasn't trying to suggest more than that with that question.

To move along with the events, getting to the first meeting I want to discuss with you, you recall that there was a draft National Security Decision Directive circulated by Mr. McFarlane in June of 1985, as your chronology indicates, which among other things provided for a change in American policy toward Iran, such that there would be provision of military equipment on a selected case-by-case basis.

Your comments on that draft NSDD appear at tab 7, dated June 29, 1985, and in those comments you objected certainly to that portion of the proposed NSDD that dealt with loosening the restrictions on arms sales to Iran, and you recommended that the President not sign the NSDD as drafted.

And I take it, as far as you know, that NSDD was not signed by the President; am I correct?

Secretary **Shultz**. That is correct.

There were two things that I objected to. One was the intelligence analysis that was stated in it, because I thought they were not reading the Iran situation right, and the other was the suggestion that basically flowed from the intelligence estimate that it was desirable to change our policy on arms sales.

So the two things were connected.

Mr. **Belnick**. The next event, sir, involving this as we obtained it from you was in July of 1985, July 14, when you received a cable from Mr. McFarlane in which he discussed with you proposed Israeli-Iranian contacts which might include a delivery of TOWs from Israel. That cable appears at exhibit 9 of the exhibit book.

You cabled back, exhibit GPS–10, saying that if anything Mr. McFarlane ought to express a positive but passive reply, that we ought not to get actively involved, and that Mr. McFarlane ought to inform the Israeli emissary who had brought this proposal to him that you and Mr. McFarlane would be in close contact every step of the way on that matter.

Is that a fair summary? If not, feel free to add.

Secretary **Shultz**. Well, I think what took place was an emissary to Mr. McFarlane that came from the Prime Minister, and the burden of it was that they thought there was a way in which the relationship with Iran might change and that at the same time we might be able to get our hostages out but that it might very well involve some sales of arms by Country One to Iran.

Now, you get something from the Prime Minister that has that kind of suggestion in it, and having marched up that hill and thought it was stopped at least two times by now, it seemed to me, well, he is probably going to explore this anyway so let us try—I wanted to be sure I had some kind of control over it or association with it.

So I said, well, all right, let us give a passive reply, without commitment, let's find out more, what exactly is it that they have in mind—that was the idea—without commitment, and also that I expected to be kept fully informed at each step. That was explicit in the cable.

Mr. **Belnick**. About a month later, on August 6, 1985, you attended a meeting with the President—Mr. McFarlane was there as well—at which Mr. McFarlane reported on three contacts which had by then taken place between the Israelis and the Iranians, and he reported also that the Iranians wanted a dialog with the United States, arms from the United States and then 100 TOWs from Israel in exchange for what he reported would be four hostages. He also talked about the deal being totally deniable.

Mr. Secretary, can you give us your recollection of that meeting and specifically what you said in response to Mr. McFarlane's report and his assertion that if our government blessed this deal, it would be, in his words, totally deniable?

Secretary **Shultz**. I think your summary of that meeting is taken from my own——

Mr. **Belnick**. It is.

Secretary **Shultz**. —notes that I wrote after the meeting.

But I believe that that was one of my regular meetings with the President. I have an arrangement whereby, assuming we are both in town or not travelling, I meet with him a couple times a week, and the National Security Adviser is present. And I think it was one of those meetings, but I'm not absolutely sure about that.

At any rate, the substance of what you read out was discussed, and I said that I thought this was a very bad idea, that I was opposed to it, that we are just falling into the arms-for-hostages business and we shouldn't do it.

Mr. **Belnick**. Did the President express any views?

Secretary **Shultz**. He didn't. As I remember, he didn't seem to push one way or the other. He listened and it seemed to be relatively new information for him.

Mr. **Belnick**. No decision was reached?

Secretary **Shultz**. No decision was made.

Mr. **Belnick**. But you did challenge Mr. McFarlane's assertion that any such deal, if it went forward, could be kept secret or be made totally deniable?

Secretary **Shultz**. Yes. I didn't think it could be kept secret, but I thought it was undesirable even if it were kept secret, for all of the reasons I had laid out in my cables and in my response to the draft NSDD—everything—there are lots of arguments strewn in through there, and those are the same arguments.

Mr. **Belnick**. Now, sir, subsequent to the August 6, 1985, meeting did Mr. McFarlane inform you that he had heard from the President approving the proposed deal and approving the Israelis going forward and shipping TOWs to Iran?

Secretary **Shultz**. No. I have no recollection of being so informed.

Mr. **Belnick**. Were you informed of the Israeli TOW shipments themselves in the early fall, September, of 1985?

Secretary **Shultz**. No, I wasn't. I believe, according to my notes and recollection, that at a meeting in December, I think December 7, the general meeting on the subject, that Mr. McFarlane said that there had been that shipment. But I didn't know it at the time.

Mr. **Belnick**. And you were not informed that Reverend Weir's release was in any way connected to a shipment of arms to Iran from Israel?

Secretary **Shultz**. No. I tended to take the statements of Reverend Weir about his release and the use of it by the hostage takers to carry a message as more or less at face value.

If you look through the history of the taking and releasing of American hostages going back to Mr. Dodge, it's an odd sort of history, but people get taken hostage and then they have been released or probably allowed to escape, as in the case of Mr. Levin, and it's not easy to see exactly why these different things happen.

But, at any rate, there was a note in this case, and I thought that probably was as good an explanation as any. That is what Ambassador Bartholomew thought, as well.

Mr. **Belnick**. Moving ahead, in November 1985 you were with the President at the summit in Geneva, correct?

Secretary **Shultz**. Correct.

Mr. **Belnick**. And you had a conversation at that time with Mr. McFarlane about what we now call the Iran initiative.

Can you recall that conversation, sir?

Secretary **Shultz**. Yes. It came in the form of a secure phone call that I took in the little box that goes around with me with a secure phone, and my executive assistant was present in the box with me, and it came just before we were getting ready to go to the last kind of occasion in the meetings between the President and Mr. Gorbachev.

We had had very good meetings, and this was a social dinner that the President was the host for.

But it was very clear to me that, as far as I was concerned, it was going to be a working dinner because we—while we had made headway and I thought we had things pretty well understood—they weren't nailed down as to exactly what was going to happen the next morning, and we had a big negotiation going on about a statement, so that was what I was preparing myself for, how to make that into something productive, which it turned out to be.

And this phone call came in kind of out of the blue, about a hostages release and arms sales to Iran.

Mr. **Belnick**. And did Mr. McFarlane tell you that it was then proposed that Israel would send an air shipment—through a European city—of some 100 HAWKs to Iran?

Secretary **Shultz**. Yes. That was—he described the structure of a deal in which a plane would go from I think someplace in Portugal, as I remember, and it would be contingent on release of the hostages, a rather complex arrangement.

Mr. **Belnick**. But the burden of it was that if the hostages came out, the weapons would go to Iran; if they didn't, the weapons wouldn't?

Secretary **Shultz**. Exactly. It was a straight out arms-for-hostages deal.

Mr. **Belnick**. What did you tell Mr. McFarlane?

Secretary **Shultz**. I told him I hoped that the hostages would get out, but I was against it, and I was upset that he was telling me about it as I was just about to start so there was no way I could do anything about it.

But anyway, if it was happening, I hoped the hostages would get out.

Mr. **Belnick**. After you objected, though, you learned within the next several days that no hostages had been released and your information was that the deal had, therefore, collapsed?

Secretary **Shultz**. Exactly.

Mr. **Belnick**. Your notes indicate—in the chronology—that you told your executive assistant on November 23, 1985, it is over?

Secretary **Shultz**. That was what I understood.

Mr. **Belnick**. Did Mr. McFarlane tell you during this period, November 18 to 23, 1985, that our Embassy in the European country had been approached to contact the foreign minister or other officials of that country to try to get flight clearances for the Israeli plane that was intended to go with the HAWKs to Tehran?

Secretary **Shultz**. No.

Mr. **Belnick**. Did Mr. McFarlane or anyone else inform you that in addition to having the Embassy in that European country make those contacts, the Embassy was also asked and directed by the NSC to send a diplomatic note to that European government—which appears at exhibit tab 14—saying thanks but no thanks for that country's declining to provide the flight clearances?

Secretary **Shultz**. No, but I believe what happened was, as I now understand it—though this is all news to me since this came out—that the communications were via a non-State channel and that Ambassador Oakley, who was then our Ambassador-at-large for counterterrorism, was approached and asked to help on this and he authorized a cable to the charge' about it.

So there was that—the State Department was in the loop to that extent.

Mr. **Belnick**. To that extent?

Secretary **Shultz**. Not in describing to Ambassador Oakley what was being shipped, but just that there was a sensitive shipment that they wanted to get cleared, as I understand it, but you would want to talk to him about that.

Mr. **Belnick**. We have. If you look at exhibit 55, Mr. Secretary, you will see and the panel will see a copy of an affidavit from Ambassador Oakley in which he records what he was told at the time in November 1985 by Colonel North so that he would contact your Embassy in the European country. You will see on the first page of that affidavit, that Colonel North told Ambassador Oakley that he had become aware, he, Colonel North, had become aware of Israeli arms shipments to Iran, that he had discovered that relationship when somebody from his staff had stumbled on to an arms warehouse in the European country while there to try to obtain arms for the Nicaraguan Resistance.

That is how Colonel North learned of the Israeli shipment, according to what he told the Ambassador, and then said, if you turn to page 2, "We are having trouble getting flight clearances."

You will also see in paragraph C of the affidavit that Colonel North advised Ambassador Oakley that you were aware of this matter and had been contacted in Geneva. There was no statement, however, to Ambassador Oakley that you had objected to the proposal. And also, sir, as I understand from your testimony, no one had said to you that this originated with somebody stumbling upon an arms warehouse in a European country while they were seeking arms for the Nicaraguan Resistance?

Secretary SHULTZ. Later on, as I believe Admiral Poindexter was describing this to people, he stated that it all started with stumbling on a warehouse.

Mr. BELNICK. That was in November 1986?

Secretary SHULTZ. But since I had personally seen what I regarded as the start of it with the Ledeen visit and so on, I thought that was a cock-and-bull story.

Mr. BELNICK. And the record will show, Mr. Secretary, that that story was told by Admiral Poindexter on November 10, 1986, to you and the President of the United States in a meeting at the White House.

Moving from November, your conversation——

Secretary SHULTZ. This statement of being aware——

Mr. BELNICK. Yes, sir.

Secretary SHULTZ. I don't know whether that was presumably a reference to the phone conversation that I had with Mr. McFarlane that we talked about earlier or not. But presumably it could have been said.

Mr. BELNICK. In any event, Ambassador Oakley was only informed to the extent that his affidavit indicates, as he has testified to us, and you were informed to the extent of what you have said this morning?

Secretary SHULTZ. That is correct.

Mr. BELNICK. Sir, on December 5, 1985, you received your first briefing from Admiral Poindexter about the Iran initiative. We covered that earlier this morning, and I won't go through it again, except to note from your chronology that in speaking to Admiral Poindexter on December 5, you pointed out to him your objection to the fact, which you had learned that the State Department had been cut out of the cable traffic relating to the hostages; correct?

Secretary SHULTZ. Correct.

Mr. BELNICK. Could you please, sir, tell the panel what you had learned about the State Department being cut out of that intelligence traffic?

Secretary SHULTZ. Only that there was a certain class of cable traffic that I don't particularly want to go into that we had been—that those who manage it had told us we weren't getting, told to Under Secretary Armacost.

Mr. BELNICK. When you brought that up with Admiral Poindexter, what did he say?

Secretary SHULTZ. I don't—I'm not recalling very well. You probably have my notes and can see what it says there.

Mr. **Belnick**. It doesn't indicate, but I take it that Admiral Poindexter did not rectify the situation? You didn't start receiving cable traffic after you spoke to him?

Secretary **Shultz**. No, I didn't.

Mr. **Belnick**. Sir, was there any other—has there been any other instance in your experience since 1982 as Secretary of State when, to your knowledge, the State Department was deliberately cut out of intelligence and cable traffic regarding a foreign policy initiative or program?

Secretary **Shultz**. Not that I know of.

Mr. **Belnick**. On December 7, there was a meeting at the White House, and you have alluded to that meeting earlier, at which senior officials were present: you, Secretary Weinberger, Donald Regan, Admiral Poindexter, and, of course, the President, in which the subject was the Iran initiative and the proposed dealings with Iran.

You spoke at that meeting, and, as I understand from your notes and prior testimony, expressed forceful opposition to the proposed policy?

Secretary **Shultz**. That is correct, and just as forceful was Secretary Weinberger.

Mr. **Belnick**. If I could ask you, please, to turn to tab 16? Tell us whether the document at that tab is a copy of the talking points which you prepared for the December 7 meeting and whether those points are a fair summary of the arguments you made against the Iran initiative to the President and others at that meeting?

Secretary **Shultz**. These were the talking points that I had and I worked from. In the flow of a meeting, you try to make your points as effectively as you can, and so I used these as a basis for my comments.

Mr. **Belnick**. Who spoke in favor of the policy at that meeting?

Secretary **Shultz**. Well, I felt that Don Regan shared the view of Secretary Weinberger and I, and Mr. McMahon, who was representing the CIA, seemed to be, as I recall, rather passive. He didn't seem to push one way or another, but I may not be remembering that just right.

Mr. McFarlane and Admiral Poindexter seemed to be more pro doing this. The President, I felt, was somewhat on the fence but rather annoyed at me and Secretary Weinberger because I felt that he sort of—he was very concerned about the hostages, as well as very much interested in the Iran initiative.

So it was a very vigorous discussion, and it took place in the family quarters in a rather informal kind of setting, and I think Secretary Weinberger started off by saying something like, "Are you really interested in my opinion?" And then the President said, "Yes." And so he gave it to him. So did I.

Mr. **Belnick**. Was the President fully engaged in this conversation?

Secretary **Shultz**. Oh, yes. This idea that the President just sits around not paying attention, I don't know where anybody gets that idea. He is a very strong and decisive person.

Mr. **Belnick**. Was he a strong proponent of the proposed policy at that meeting against your opposition and that of Secretary Weinberger?

Secretary **Shultz**. Well, I don't remember that he sort of argued with us. He listened, and you could feel his sense of frustration. He said at one time—because Cap, who is a good lawyer, particularly said "There are legal problems here, Mr. President, in addition to all of the policy problems."

You know how people get sometimes when they are frustrated. He said, "Well, the American people will never forgive me if I fail to get these hostages out over this legal question" or something like that.

And Secretary Weinberger—"but", he said, "visiting hours are Thursday," or some such statement.

So there was that kind of banter. I know people have looked at those notes and wondered if the President was advocating violating the law, and there was no such tone to that at all. It was the kind of statement that I'm sure we all make sometimes when we are frustrated.

Mr. **Belnick**. Where did you understand that the matter stood when that meeting ended on December 7?

Secretary **Shultz**. Well, I wasn't sure. But I felt that between Secretary Weinberger and I, we had made a real dent and that with the—Don Regan seeing it the same way, we having talked through various aspects of what might be done, that perhaps we had won that argument. And, in fact, I think it turned out that way, because Mr. McFarlane was dispatched to London to talk to his contacts about a different kind of relationship and our hostages out, but no arms. So that was the right way to put it, I thought, I was very much in favor of doing that.

But he got nowhere with that, which wasn't surprising.

Mr. **Belnick**. And, in fact, you received a cable from Under Secretary Armacost—which appears at tab 17—in December, 1985 after the meeting in which he told you, as you have testified now, and I am quoting, "Bud's recommendation upon returning from his latest discussions was to drop the enterprise. That has now been agreed, but the President wants other possible avenues for securing the release of the hostages to be energetically pursued."

So that by the end of December, your understanding again was this initiative, to the extent it involved arms for hostages, was done?

Secretary **Shultz**. Right.

Mr. **Belnick**. Did you then hear—in the words of the movie—that they are back in the beginning of January, 1986?

Secretary **Shultz**. Well, I received information from Admiral Poindexter about a visit that he had, again I think purporting to be or presumably was on behalf of the Prime Minister of Country One, about another proposal.

Mr. **Belnick**. And that was on January 4, 1986? Admiral Poindexter advised you that Mr. Nir had come forward with a proposal which would involve the release of certain Hizballah prisoners, the sale of 3,000 TOWs to Iran, and the release of American hostages.

My understanding from your chronology is that when Admiral Poindexter put this to you on January 4, you objected.

Secretary **Shultz**. It is the same proposition basically with the same problems. So I said the same things.

Mr. BELNICK. Then again on January 7, 1986, there was a meeting at the White House among the same—pretty much the same principals who had attended back on December 7, except that Attorney General Meese was at the January 7 meeting, as was Director Casey.

The proposal that Mr. Nir had brought was put on the table, and you and Secretary Weinberger argued against it again?

Secretary SHULTZ. Right.

Mr. BELNICK. What was the President's position?

Secretary SHULTZ. Well, it seemed to me that as people around the room talked, that Secretary Weinberger and I were the only ones who were against it. And so that included everybody who was there on the other side of the issue, which surprised me, and it almost seemed unreal, and I couldn't believe that people would want to do this. I thought it was a bad idea.

Mr. BELNICK. When you left that meeting, did you feel that a final decision had been made by the President to go forward?

Secretary SHULTZ. Well, it was very clear to me that he wanted to push in that direction. But, of course, I had been there before, in the sense of things starting and not really jelling, so I went away puzzled, distressed.

Again reminding you of the difficulties I had with the intelligence and security people about lie detector tests, I was continually concerned about that. I didn't debrief, so to speak, at the department to my executive assistant, so I don't have any notes on that meeting. But I do remember it very well.

Mr. BELNICK. Mr. Secretary, feeling as you did at the time that the President may have reached a decision or was heading toward a final decision in favor of a policy that you thought would be disastrous, did you seek to speak to the President alone about that matter?

Secretary SHULTZ. No, I didn't. But there was no doubt in the President's mind about my opinion. It wasn't as though there was something that I had missed or that I felt he hadn't quite gotten. I felt I had made myself very clear.

Mr. BELNICK. On January 16, 1986, as your chronology reflects, you attended a Cabinet meeting at the White House from 2 to 3 p.m. in the afternoon. Admiral Poindexter and others have testified that subsequent to that Cabinet meeting, there was a post-Cabinet discussion among various senior officials about the Iran initiative, including the Finding which the President would sign the very next day.

You were not at that meeting?

Secretary SHULTZ. I have no recollection of being at such a meeting, and my records show that I arrived back in the department at 3:20, I believe.

Mr. BELNICK. Yes, sir.

Just to take this one more step, Admiral Poindexter testified that while you were not at the meeting, the post-Cabinet meeting at which the Finding was discussed, that you had been invited to it by Admiral Poindexter, that he had told you what the subject matter would be, but that you had said to him, in words or substance, that you had another engagement, that in any event the President and he—Admiral Poindexter—were aware of your view and you were opposed to it, period, and then you didn't attend the meeting.

Secretary SHULTZ. Well, I don't remember that, but if I was recorded as being opposed to it, that was certainly accurate.

Mr. BELNICK. Do you recall Admiral Poindexter telling you at the time, however, that they were going to discuss that day a proposed Presidential Finding that would authorize the very policy that you had been arguing against for 6 or 7 months?

Secretary SHULTZ. I don't recall him using that term.

Mr. BELNICK. If Admiral Poindexter had said to you we are planning to discuss a Finding, would you have considered that a watershed event, notwithstanding that you felt the President was in favor of the proposal as of January 7?

Secretary SHULTZ. Yes.

Mr. BELNICK. Why, sir?

Secretary SHULTZ. In the sense that as it had been argued that without any new Finding an arms sale from the United States to Iran would be a violation of the Arms Export Control Act, then without that we are still basically in the area of talking in general about an Iran initiative and the kind of effort that Mr. McFarlane made in his London mission or other similar kinds of efforts, and you wouldn't have arms connected with it directly.

So a Finding that specifically made it legal to do that would have been a change in the situation. It wouldn't necessarily mean that arms were going to be sold, but it would have clarified the legal point that was involved.

Mr. BELNICK. Was there—in addition to that, Mr. Secretary, did Finding itself have other significance in terms of the process that would have had to—it would have had to go through, the proposed Covert Action Finding, before reaching the President's desk for signature?

Secretary SHULTZ. The normal way in which a Finding is produced is that the—there is the policy part of it and there is a legal part of it. So in the case of the State Department, I rely on my legal adviser, and I happen to be blessed by having a very good one. So the legal adviser would look at it, and I would look at it, and presumably the same thing would be done in the Defense Department and the CIA and the Attorney General, of course, is the chief law officer of the United States. He would be involved. And then there would be a discussion of that and the President would then, in the light of the advice, both on the policy side and the legal side, make a decision on signing the Finding or not. That's the general process that you presumably go through.

I don't think it's required by law that you do that, but certainly as a statutory member of the National Security Council, I would expect that we would go through a process of that sort. And I think it's very desirable to do it that way.

Mr. BELNICK. And it's been your experience that that was the process that was followed with other Findings?

Secretary SHULTZ. Yes. That's generally the way it goes.

Mr. BELNICK. That process, though, was not followed so far as you know or the State Department was concerned with respect to the Finding that you discovered had been signed in January 1986 that you learned about in November?

Secretary SHULTZ. I am sure it didn't go through that process.

Mr. BELNICK. That would be true with respect to what we now know were two other Findings as well on the same matter, insofar as you know?

Secretary SHULTZ. The other two that you have mentioned didn't go through that process either. And I didn't know anything about either of those other two.

I want to be—the subject of legality was discussed periodically in all of these discussions. The precision of a Finding is something different from that.

Mr. BELNICK. It would have mooted the discussion? That is, on January 17, for example, the day after the 16th meeting, as you testified earlier, you were at a family group luncheon in which the subject of the legality of this initiative came up again?

Secretary SHULTZ. Yes. So there's no point in discussing it or I wouldn't have argued about it or reported back to my assistant when I debriefed on that meeting that I had said that I—I don't mean that I'm trying to act like a lawyer here, but that it was my sense that there were still legal problems and that it was unwise. That was the net of the meeting as far as I was concerned.

Mr. BELNICK. Nobody told the Secretary of State that those legal problems in the view of at least some in the adminstration had been solved because the President had signed the Finding the very same day?

Secretary SHULTZ. Not to my recollection.

Mr. BELNICK. Sir, I don't want to go through all the events that take place between then and November concerning Iran, because we have summarized them earlier and they are listed in the chronology which is in the books, but to summarize the summary: they included information that you received from Admiral Poindexter that the initiative was over, the proposed trip by McFarlane that he said didn't take place and then told you had fizzled, some information that McFarlane had been in Tehran after the event, but without knowledge imparted to you of what he had done there or what he had brought with him; the incident involving the information that you received from our Embassy in London; and your conversations with Admiral Poindexter and Don Regan.

I just want to pause on that one, though, for a moment; that is the response to the information you received from the London Embassy. You testified earlier today that you spoke to Don Regan about it and to Admiral Poindexter who told you it was over. Did you also speak to Director Casey? Did you also receive a call from Director Casey in that time period?

Secretary SHULTZ. I had a conversation or a phone call with Director Casey later, and I can't again place just when that was, but the gist of that call, and I think it was after the trip by Mr. McFarlane to Tehran was that, along the same lines as Admiral Poindexter, that this had fizzled and it was—I don't think he used the word "stand down," but some equivalent.

Mr. BELNICK. That was in late May or early June after you returned from the Philippines?

Secretary SHULTZ. Yes. But I got back from the Philippines—from Tokyo I went to Korea and the Philippines, so I got back to Washington sometime after the President and his party did. But I had been back from the Philippines—I don't know exactly when it was I got back. Certainly, by the middle of May.

Mr. BELNICK. Sir, would you look at exhibit 27 in your book which is a memorandum to Mr. Platt, Executive Secretary at the State Department, from Ambassador Oakley dated June 2, 1986.

Did you receive a copy of this memorandum or a report, do you recall, on what it contained?

Secretary SHULTZ. I don't recall seeing this memorandum or hearing about it particularly. If I see a memorandum in the system that we have, it comes in in a folder and I read endlessly through these cables and memos and so forth, put it in the outbox, and then somebody goes through and they stamp—have a little stamp GPS on it, so that's how it's known by the record that I have seen a particular memorandum. And I don't remember seeing this.

However, I, of course, was aware of what had been contained in the cable I got from Mr. Armacost following his conversation with Ambassador Price, and I had had my conversation about that. And then I think about this time, I had been told that this matter had been stood down, or whatever. And so I—if I had seen this, I probably would have regarded it as something that had already been dealt with as far as I was concerned by these statements.

Mr. BELNICK. Sir, would you then turn please to exhibit 29, which is a copy of a memorandum you received, or at least was sent to you, by Under Secretary Armacost, dated July 2, 1986, and I think your records reflect that you did receive this memorandum. And in it, the Under Secretary tells you that there is renewed conjecture about a NSC-sponsored search for a U.S.-Iran deal for hostages and that—that would produce an early result, the Israelis were involved, et cetera.

Did you take any action on this information from your Under Secretary Armacost, or did it square with any understanding you had of what was in progress at the time?

Secretary SHULTZ. Well, as far as my understanding was, the whole thing had been stood down, so this didn't seem to fit with that.

Mr. BELNICK. Yes, sir.

Secretary SHULTZ. And I don't recall what, if any, conversations I had or inquiries I made on the basis of this. But I know I did see it, but my recollection is not there on that.

Mr. BELNICK. Do you recall whether you were concerned by the information that Secretary Armacost was giving you in July?

Secretary SHULTZ. Well, certainly I would not want to see this get started again. On the other hand, I had been given a pretty firm assurance, and it made sense in terms of how many times do you strike out, that this had ended.

Mr. BELNICK. Subsequent to that, as we discussed earlier this morning, you were apprised of hostage releases and not told that that release, including the release of David Jacobsen, on October 31 or thereabouts was connected in any way to a program of supplying American arms to Iran. And that brings us, then, to the beginning of November, 1986 and November 4, 1986, when the Lebanese press disclosed U.S. arms sales to Iran.

And if you will turn, please, to exhibit 35 in your book, that should be—and I think you will recognize it, Mr. Secretary, as a copy of a cable that you sent to Admiral Poindexter as soon as the Lebanese press article broke and you had had an opportunity to see it or be apprised of it on November 4, 1986, and in that cable you advised him, among other things, to get out all the key facts as promptly as possible. Correct?

Secretary SHULTZ. Correct.

Mr. BELNICK. Now, the cable also talks about, or conveys your suggestion that in getting out the facts our government could make clear that this was a special one-time operation, I am quoting from the cable, "based on humanitarian grounds and decided by the President within his constitutional responsibility to act in the service of the national interest."

What operation were you referring to?

Secretary SHULTZ. Well, I had seen the reports of an arms sale connected with the most recent release of Mr. Jacobsen, and so that was, I was presuming that took place. And as far as I knew, there hadn't been any other arms sales, but naturally you wonder when you see this.

But at any rate, I had been thinking about this, of course, I had no—I was in a different place than the President, Admiral Poindexter and their party through this period, and I was on my way to Vienna stewing about what was taking place, and so I just weighed in, out of the blue, that this is a potential problem and the way to handle these problems is to get the facts out, whether they embarrass you or don't embarrass you, get them out as fast as you can.

Mr. BELNICK. You recall Admiral Poindexter's reply, which you will find at tab 36, in which he said that he didn't think it was time to make the facts public?

Secretary SHULTZ. Yes.

Mr. BELNICK. He also told you in that cable in paragraph 6 of exhibit 36 that he was establishing two compartments to deal with an ongoing program to try to get the hostages out, one that would be operational and one that would be essentially limited to intelligence.

What I wanted to ask in connection with that, Mr. Secretary, was whether you by this point had been briefed or obtained any knowledge on what we have come to refer to as the second channel with Iran.

Secretary SHULTZ. What I knew about were two things that, again, were reassurances to me that our efforts with Iran were being conducted in what I regarded as a good way. One was the initiative that I mentioned earlier, and the second was in the form of a call that I had received in September, the middle of September sometime, from Director Casey telling me that they had made contact with another person who seemed to be more authoritatively connected with the Government of Iran, whereas the earlier people they were dealing with were not so official, and that he felt that this would be potentially useful intelligence information. And I was very pleased to hear that.

Mr. BELNICK. Did Director Casey or anyone else tell you that this second channel or new opening was being pursued by Colonel North, Albert Hakim, and Richard Secord?

Secretary SHULTZ. No.

Mr. **Belnick**. Did anyone ever tell you that Richard Secord or Albert Hakim was involved in any way with the Iran initiative, first or second channel?

Secretary **Shultz**. I never heard of Mr. Hakim until these hearings came about, and I had only heard vaguely of General Secord, and I have never met him.

Mr. **Belnick**. And I take it you would have had a position to express on whether General Secord or Albert Hakim ought to be negotiating for the United States with the Iranians?

Secretary **Shultz**. I certainly would.

Mr. **Belnick**. Now, sir, early in November, after your exchange of—well, may I ask: What would that view have been?

Secretary **Shultz**. Negative.

Mr. **Belnick**. OK. I didn't want the record to be unclear.

After the exchange of cables with Admiral Poindexter, you received a proposed press guidance which appears at tab 37, if I could ask you, Mr. Secretary, to look at that exhibit. And it was a statement made in response to the question, "Does the United States still have an arms embargo against Iran in the Iran-Iraq War?" The answer in the press guidance was: "As long as Iran advocates the use of terrorism, the U.S. arms embargo will continue. Moreover, the U.S. position on the Iran-Iraq War remains the fighting should stop and the two sides should reach a negotiated settlement of their dispute. We favor an outcome wherein there are no winners or losers."

Do you recall receiving that?

Secretary **Shultz**. Yes.

Mr. **Belnick**. What was your reaction when you received it, Mr. Secretary?

Secretary **Shultz**. I thought it looked great.

Mr. **Belnick**. Did you then rethink that position when you focused on the answer, the beginning of the answer I have just read to you?

Secretary **Shultz**. Then I began to look at it a second time, particularly as this unfolded, I found great resistance to saying flat out "no more arms sales" and started hearing what kind of intelligence was being put forward.

And then it dawned on me maybe they are saying Iran is no longer advocating the use of terrorism, and, therefore, this means they can sell arms. That set my alarm bells ringing hard. Because it was the kind of tricky and misleading statement that looks great on the surface, but then you start looking at it more carefully and you say it is going in a different direction entirely.

Mr. **Belnick**. From whom had you received the press guidance containing that statement?

Secretary **Shultz**. I am not sure how it arrived, but we—this was a period of great turmoil, and the question is: What is to be said to the press? I had been instructed from the White House that they would take the questions on this subject, and I would have no comments. So I didn't have any comment. Things were being said in the press, I said "no comment." That was the White House instruction and this was issued. So we issued it.

Mr. **Belnick**. Sir, in the period of early—from November 4 to roughly November 10, when you attended the meeting at the

White House that I will go into in a moment, there are indications in the records that we have seen of you expressing the view, in substance, that you weren't deceived or weren't cut out of events. This, again, as I say, is in the period between the 4th and the 10th of November.

In light of the facts, as you began to get them after November 10 and have them now, is that still your view?

Secretary SHULTZ. We were discussing, I believe, what my role was, and people said, "Well, you didn't know anything about this." I said, "Yes, I did know something about it, I knew quite a bit about it." Because, after all, I had been—you have related quite a few things that took place in 1985, 1986 that I knew about and weighed in on, so I didn't want to say I was uninformed, I was informed. I said my information at some point along here was fragmentary and sporadic or some such words, and, of course, I now know that was the understatement of the year.

But, at any rate, I didn't ever take the position and wouldn't have taken the position that I was totally uninformed, because that was not accurate.

Mr. BELNICK. Let's move then to the meeting on November 10, 1986, at the White House, which you attended with the President, the Vice President, Admiral Poindexter, Don Regan, Mr. Keel, who was Admiral Poindexter's Deputy, Director Casey, Secretary Weinberger, and the Attorney General. And at tab 39, Mr. Secretary, is a set of Mr. Keel's notes of that meeting which we have previously made available to you and, if I am correct, you think is a fair summary of what transpired at the meeting.

Secretary SHULTZ. Yes. And it is reasonably consistent with the notes that I gave to my executive assistant.

Mr. BELNICK. And if I may for the sake of time summarize what we undersand from you in those notes. Admiral Poindexter gave a briefing concerning the operation with the President present, as I said, and he informed all of you at that time that a total of 1,000 TOWs and 240 HAWK spare parts were sold to Iran and also told you that this whole operation, as you said before, had started when an Israeli arms warehouse was located in Europe. That comports with your recollection?

Secretary SHULTZ. Yes.

Shortly thereafter at another briefing he said there were 2,000 TOWs, so I was very uneasy about these briefings.

Mr. BELNICK. And at this first briefing on November 10, as you listened, notes indicate that you criticized the entire operation saying that it sounded like HAWKs for hostages no matter what face was put on it, is that correct?

Secretary SHULTZ. That is correct.

Mr. BELNICK. But the President said that he disagreed with that view at that time.

Secretary SHULTZ. The President's view, as I have heard him express it, and I believe that he felt very clearly, was that this was basically about an initiative toward Iran and that as an aspect of it, we would get our hostages back and that a small sale of arms to Iran as a token of good intentions might or might not be part of that package, but he had no objection if it were. That is the way his mind was arranged on this, as I have heard him talk about it, and I am sure that is what he does believe.

Mr. BELNICK. Later in the day, after the meeting——

Secretary SHULTZ. And I think it's perfectly possible to see it exactly that way. The only trouble is, as you look at particular things that happen when you get down into the dirt of the operational details, it always comes out arms for hostages and, at least as I saw it right from the beginning, that was what was going to happen, and that's why I objected to it so much.

Mr. BELNICK. And as I understand from the notes and discussions, during that period from November 10 on in various conversations with the President and his advisers, some of which we will talk about, you continued to argue that the record would not support an assertion other than that this was arms for hostages, or at least the record would not support an assertion that it was not arms for hostages.

Secretary SHULTZ. That is correct. But the President felt that he didn't authorize an effort that was simply and purely an effort to trade arms for hostages, and so we went back and forth on that quite a bit.

Mr. BELNICK. And did you begin developing the view, particularly as of November 10—we'll talk about the additional press guidance that you got on that day—that the President's advisers were misleading him and not giving him the facts concerning what had actually transpired in the Iran initiative?

Secretary SHULTZ. I developed a very clear opinion that the President was not being given accurate information, and I was very alarmed about it, and it became the preoccupying thing that I was working on through this period, and I felt that it was tremendously important for the President to get accurate information so he could see and make a judgment.

His judgment is excellent when he is given the right information, and he was not being given the right information, and I felt as this went on that the people who were giving him the information were, in a sense—had—I think I even used the word with some of my advisers, they had a conflict of interest with the President and they were trying to use his undoubted skills as a communicator to have him give a speech and give a press conference and say these things and, in doing so, he would bail them out.

At least that's the way it was—I don't want to try to attribute motives to other people too much, although I realize I have, but that's the way it shaped up to me.

So I was in a battle to try to get what I saw as the facts to the President and get—and see that he understood them.

Now, this was a very traumatic period for me because everybody was saying I'm disloyal to the President, I'm not speaking up for the policy, and I'm battling away here, and I could see people were calling for me to resign if I can't be loyal to the President, even including some of my friends and people who had held high office and should know that maybe there's more involved than they're seeing.

And I frankly felt that I was the one who was loyal to the President, because I was the one who was trying to get him the facts so he could make a decision, and I must say as he absorbed this he did, he made the decision that we must get all these facts out.

But it was—it was a battle royal.

Mr. **Belnick**. Mr. Secretary, in that battle royal to get out the facts which you waged and which the record reflects that you waged, who was the other side?

Secretary **Shultz**. Well, I can't say for sure. I feel that Admiral Poindexter was certainly on the other side of it, I felt that Director Casey was on the other side of it, and I don't know who all else. But they were the principals.

Mr. **Belnick**. Mr. Secretary, if you will turn, please, to exhibits 38A and 38B, I think you will recognize the first of those exhibits, 38A, is a draft press guidance that you received after the meeting on November 10 from Admiral Poindexter as you were en route to an OAS—Organization of American States—meeting in Guatemala.

And in that proposed press guidance the statement was made that as has been the case at a number of similar meetings with the President, referring to the meeting earlier that day, his senior—with his senior advisers on this matter, there was unanimous support for the President's decision.

You found that statement misleading, correct?

Secretary **Shultz**. That statement wasn't misleading; that statement was inaccurate.

Mr. **Belnick**. And you told Admiral Poindexter to take it out?

Secretary **Shultz**. I got—this meeting that we talked about earlier was in the morning, I think, on November the 10th.

Mr. **Belnick**. Yes, sir.

Secretary **Shultz**. And I was leading our delegation to an OAS meeting in Guatemala and left in the late afternoon sometime, and this proposed press statement was cabled to me on the plane. I got it on the plane and responded from the plane.

Mr. **Belnick**. And your response essentially was to tell Admiral Poindexter, as you said, it was inaccurate and take it out, that you supported the President and that could be stated, but it could not be stated that there was unanimity on the decisions regarding the Iran initiative; is that a fair summary?

Secretary **Shultz**. That's correct. I think I said in the meeting itself, somebody said, well, we should all go out and say we support the President's decision as we have in the past, or something like that, and I said, no—in the meeting, said I support the President, you can say that any time you want, because I surely do support the President, but I didn't support that decision so don't—and this—it was part of the concern I had going back to the press guidance that I got when I was in Vienna, I guess is when I got that. That there's a tendency to put out statements that are misleading and are false, and that's the way you get yourself in a jam, so don't do it; get the facts out and get them out accurately.

So that's what was in my mind here when I objected to this seemingly innocent press guidance.

Mr. **Belnick**. And did Admiral Poindexter tell you that your objection was most unfortunate?

Secretary **Shultz**. I said—he said this had been cleared by everybody who was at the meeting and they were coming to me and I said I won't clear it and it has to be changed, and he said that's very unfortunate. But they did change it.

I wasn't altogether comfortable with the way it was changed, but anyway it was changed.

Mr. **Belnick**. On November 12 the record reflects that you asked and urged the President's Chief of Staff, then Don Regan, to assist you in persuading the President to turn Iran policy over to the State Department and end the Iran arms—or end Iran—sales of arms to Iran.

On November 13 the President made his speech concerning the Iran initiative, and on November 14 you met with the President after the speech.

Do you recall the substance of that meeting between you and the President on November 14, the day after he spoke to the nation?

Secretary **Shultz**. Well, I would have to—I need to go back and look at my notes to refresh myself on that particular meeting. But I imagine it was more of the same.

Mr. **Belnick**. As I understand your notes it was.

Secretary **Shultz**. There was a constant back-and-forth between me and the President, and I sought him out to change this around. And going back to something you read out from an earlier cable about the compartments that were being created, I didn't want to become in one of Admiral Poindexter's compartments, I wanted to get this out where I could see it for myself and get it managed right.

So that's what I was driving for, and to get the statement made flat out, no more arms sales.

Mr. **Belnick**. And continuing with that, on November 15, which was a Saturday, you gave a draft paper to Don Regan to give to the President, again calling for an end of arms sales, and Regan informed you that he understood the position but the White House was not then in a position to adopt it, correct?

Secretary **Shultz**. Correct.

Earlier, as we had been discussing this, I had been asked by the White House to respond favorably to an invitation to appear on "Face the Nation," and I was very reluctant to appear because I didn't see quite what I was going to say about the arms sales question, and at the same time I wanted to support the President, and this is—this is one thing, you are investigating this in great detail about Iran and I want to at some point in this hearing, if I can, to at least register the fact that there are other things going on in the world that are very good and represent a strong, positive, effective foreign policy that the President has structured.

But, at any rate, Don Regan said, well, please go on, we need to have an administration spokesman and so on, and so I said OK, but I kept battling about this.

Now, the Saturday that you mentioned, Mrs. Thatcher was a visitor to the United States and she met with the President in Camp David, and so I went up for that meeting. And Mrs. Thatcher likes to have meetings with her opposite number and she doesn't need anybody else around. So she likes to meet with the President by herself.

I remember once when I went to meet her, I was a private citizen but I was on a government mission, and she invited me to come to Chequers to meet her, and I didn't realize what was going on, but obviously she wanted to meet me alone. So there was—but everybody likes to come to these meetings.

So she said, well, we'll have a lunch at Chequers and everybody will come. But why don't you come at 11:00 and we'll talk. So I transmitted that, and the Embassy gave me a car, and took me out there, because I was on a Presidential mission, and one of the officers in the mission went with me, and we got out of the car, and I had known her and said hello, and I introduced my colleague, and she said, oh, yes, and she said, here's Mr. so-and-so, and I know he is here to take notes and so-and-so can take notes, but he said have you ever looked at the notes? She said we don't need them, why doesn't he show your friend around Chequers and you and I will go around the corner and talk.

That is the way she likes to do business, and I admire it. And I think at some point in this development if you ever get around to talking about what are the implications for the way the government ought to work, I think one of the messages that we can get from Mrs. Thatcher is that the government ought to work by the accountable people in it talking to each other and not having everybody and his brother's staff talking to each other all the time, and that's her——

Anyway, to go back to this story, we go up to Camp David and of course most of us stand around and talk to each other, the staff, me, and the President and Mrs. Thatcher meet and then they come and join us and we have further discussion, and there was a nice luncheon and then left.

So I had no real shot at talking to the President, but I knew that Don Regan would probably get a word with him. So I wrote out and I gave it to Don, I said see if you can't get this cleared, and he said no—I felt he agreed with me but he said I can't make it.

So there I was, appearing on the television, and I was asked—I thought the interview was—many people said it was a tough interview. I regarded the interviewer as doing actually an excellent job because that's their job, to smoke out the story, and I said on that interview, yes, in my opinion there should be no more arms sales to Iran under current conditions, and then she said, well, do you speak for the administration, and I had to say no, I don't.

It was a sad day for me, very sad. But it was the truth.

However, the next day the White House put out the word that I did speak for the adminstration and there would be no more arms sales to Iran.

But this was the kind of battle that was going on.

Mr. BELNICK. Sir, on November 18, you gave directions to the U.S. Under Secretary of State, Mr. Armacost, and your executive assistant, that your Department had to get access to all of the facts concerning the Iran initiative. Notes reflected this was part of your continuing concern that those facts were being twisted and misrepresented.

On the same day, the State Department Legal Adviser, Judge Sofaer, attended a general counsel's meeting at the White House and his testimony before the panel has indicated, and your notes show, he reported back that the NSC's Counsel, Commander Thompson, had declined per instructions from Admiral Poindexter, to give the full story either to Judge Sofaer or to the President's Counsel, Mr. Wallison, who also attended that meeting.

On the next day, the 19th, the President was set for a press conference that evening, and your record reflects that you spoke to the President earlier in the day before the press conference and told him, "We've been deceived and lied to and you have to watch out about saying no arms for hostages."

Do you recall that meeting with the President before the press conference?

Secretary SHULTZ. Yes. That was—I think it was one of my regular meetings, and I used the meeting to focus on this, and I think it was at that meeting the President said to me, he said, "You are telling me things that I don't know, that are news to me."

And I remember saying, "Well, Mr. President, I don't know very much, but if I am telling you things that are news to you, then you are not being given the kind of flow of information that you deserve to be given," or something like that.

I think it was at that meeting that I said that, because I made a note afterwards.

Mr. BELNICK. Do you recall also at that meeting that you said to the President that Mr. McFarlane had once told you, alluding back to the November 1985 conversation that you had with Mr. McFarlane in Geneva, that Mr. McFarlane had once told you about a planeload of arms that would go to Iran provided that the hostages were released.

This in connection with your point that it was dangerous to say that this did not involve arms for hostages, and that the President replied to you that he had known of that shipment and—that he had known of that proposed shipment and had approved it?

Secretary SHULTZ. Well, I don't know whether it was at that meeting or one subsequent to his press conference, but I did use that illustration because I didn't know about the structure of the various deals and still don't know them clearly, but I used that illustration to say now here is one, and this is arms for hostages.

And he said, "Yes, I knew about that," or "I know about that," or something like that.

The President with me—as he discussed—was always very ready to say, "Yes, I knew this, I didn't know that," and so on.

Mr. BELNICK. The press conference was that evening.

What was your reaction to what you heard?

Secretary SHULTZ. Well, I called him after the press conference.

Mr. BELNICK. Called the President?

Secretary SHULTZ. I always do, and I knew that he had been urged to have this press conference, and I told him that I thought it was personally a very courageous thing to do and to take on these subjects, but that I felt there were many statements made that were wrong or misleading.

So I thought it was a very unfortunate press conference from that standpoint; and I said, "If you would like, I would welcome a chance to come around and go through it with you, and I will go through these points and tell you what I think is wrong with them and why."

Mr. BELNICK. And what did the President say?

Secretary **Shultz.** He said, "Well, I welcome seeing you." So I—the next day, I met with him in the family quarters. It is a little more—a good setting for that kind of discussion than in the office.

I asked Don Regan to be with me. I went through the things that I thought were wrong in the press conference with him. It was a long, tough discussion, not the kind of discussion I ever thought I would have with the President of the United States.

But it was bark off all the way.

Mr. **Belnick.** Did the President say he disagreed with you?

Secretary **Shultz.** The President—he didn't disagree with me. He corroborated things like the November 25 things, very open, strong discussion, but he had in his mind that what he authorized and what he expected to have carried out was an effort to get an opening of a different kind to Iran and the arms and the hostages were ancillary to that. That was not his objective.

And that—and I am sure that is what the President felt. He wasn't just saying that. That was his idea, and I kept trying to say, "Well, I recognize that, Mr. President, and that is a good objective, but that isn't the way it worked," at least insofar as I can see.

So we—and then there were other things that were said that I was very concerned about. He was being given information that suggested that Iran was no longer practicing terrorism. That was wrong. And I don't know, various other things, but the gist of it was that there were things that he had been given as information from the people who were briefing him and providing him with the information and the press conference preparatory sessions that were not, in my view, correct.

And I don't think that the people doing that were serving the President. In fact, I know they weren't serving the President, and I was trying to get that point across in as strong a way as I could with not just sort of listing the arguments, but saying, "You have got to look at these facts."

Mr. **Belnick.** On November 21, the President authorized the Attorney General to go forward with an inquiry into the facts relating to the Iran initiative. You were interviewed, you recall, by the Attorney General on Saturday, November 22.

Secretary **Shultz.** I was very pleased to hear that the President had decided there should be an investigation. And I remember after my session with him that I described, I came back and I had felt—and I think I told my executive assistant I didn't make a dent on him. But then when I saw this investigation, I thought well maybe he had some second thoughts, maybe I made more of an impact than I thought.

Mr. **Belnick.** The notes of your interview with the Attorney General reflect, among other things, your expressing the concern to him on that Saturday that this Iran matter—or fear that this Iran matter would somehow get wrapped into aid to the Nicaraguan Resistance.

What was the basis for that fear that you expressed on Saturday, the 22d?

Secretary **Shultz.** Because somebody had pointed out to me that the—I think it is the Southern Air Transport was used in the Central American situation and also in terms of the flights of arms and so I said, "Well, my gosh, if this gets connected, then we are going to have a problem with our policy in Central America."

That is what I noticed.

Mr. **Belnick.** On Monday, November 24, there was an NSPG meeting on Iran. The record reflects there was continued discussion of points you had been raising about ending arms sales to Iran and criticizing the policy, and I take it there was no discussion at that meeting of the NSPG about what the Attorney General had discovered over the weekend concerning what we now refer to or as what has been referred to as the diversion?

Secretary **Shultz.** I perhaps don't have my dates lined up, but in my mind, when the Attorney General started his investigation, he—I heard about that Friday night, and he asked to see me early Saturday morning, and that is when I had my interview with him.

Mr. **Belnick.** That is right.

Secretary **Shultz.** And then I went off for the weekend and then this all broke open early the next week.

Mr. **Belnick.** Tuesday was the date of his press conference. Monday was the NSPG. And the discussion so far as we have been able to see related solely to Iran. And you have no recollection of the Attorney General discussing what he had discovered during the weekend at that time before the press conference, before the morning of the 25th?

Secretary **Shultz.** No, I don't. Perhaps that was the NSPG meeting in which, again, Admiral Poindexter and Director Casey were explaining this initiative, and I think Mr. Cave—that was the first time I saw him in action, came and he explained to us about Iran.

Mr. **Belnick.** Talking about the second channel?

Secretary **Shultz.** I think maybe that was the meeting.

Mr. **Belnick.** Do you recall that later in the day on November 24 that Admiral Poindexter called the State Department, returning a call from Secretary Whithead, and at that point, in a seeming reversal of what he had been saying up until then—this was on Monday, the 24th, the night before the press conference, Poindexter said that he thought State had to get involved and take the lead in the policy, that he wanted to get out of it?

Secretary **Shultz.** Yes. That is right.

Mr. **Belnick.** He didn't tell you what was moving him at that particular point in time?

Secretary **Shultz.** No, but I was very glad to hear that, because it enabled us to get hold of it and inform ourselves better on the one hand and do things about it on the other, which we proceeded to do.

Mr. **Belnick.** The next day—and we are coming to the end, Mr. Secretary—November 25, you learned at a meeting that morning about the discovery of the diversion, that Admiral Poindexter had resigned, that North had been relieved of his duties at the NSC, State was now going to take over administration of the Iran policy, a matter which you, according to the record, discussed with the President the next day on November 26th.

There was then activity aimed at setting up what was to be a meeting which State would now attend for the first time with the second channel. The record reflects that on December 12, Secretary Armacost and Director Casey—December 12, 1986, Secretary Armacost and Casey agreed on ground rules for the upcoming meeting with the second channel, among which were—was the rule that the channel would be used only for intelligence and not for policy; do you recall that?

Secretary **Shultz**. Yes. And this was one of the things that we were very concerned about, and I have been very concerned about for some time. That is the mixing up of intelligence and operations, and so we, as I described earlier, when I authorized this meeting to take place, with a Farsi speaking State Department officer present, we drew up explicit instructions, talking points, for him to use and read out. Don't just use them as a basis. Read them out; and as part of that, we wanted to get across the idea that the policy—no more arms, but this channel is for intelligence, not policy and to get the Agency separated from policy.

That was our object. That was not, I suppose, so important for Iran as it was for us, but nevertheless, we wanted that to be clear.

And so Under Secretary Armacost, in his meeting with Director Casey, worked out an agreed set of talking points. I was—I think I was out of the country at the time. I was on my way back from a NATO meeting, I think.

Mr. **Belnick**. And those talking points were relayed by cable, exhibit 49, to Ambassador Dunbar who was to be State's representative at the upcoming—the meeting in Frankfurt that was then to take place with the second channel?

Secretary **Shultz**. Right.

Mr. **Belnick**. Now, did the ground rules also include that Mr. Cave would be replaced as a negotiator with the second channel?

Secretary **Shultz**. Yes.

Mr. **Belnick**. Did you learn that Director Casey had done something to nullify these ground rules after he agreed to them with Secretary Armacost?

Secretary **Shultz**. What we learned was that Director Casey called John Whitehead. In the meantime, Mike Armacost had gone to a planned trip to Southern Africa. He had left the city. So—and so John Whitehead was the senior officer, would have been anyway, but he was there to follow these things. And Director Casey called him and said that he had heard from Keel that there had been a change in the instructions that had been agreed on and he should call Keel to find out what was what. So he did.

And basically what was changed was that the policy came back in again, so he said how did that come about? And the answer was that Director Casey had called Don Regan and told Don Regan that he thought this was not in accord with the President's wishes and he should take it up with the President, which apparently Don did, and Keel was called in and told to get it changed. So it was changed.

Mr. **Belnick**. And then, as you testified earlier, at the meeting in Frankfurt, on December 13, after Ambassador Dunbar delivered what you believed to have been the agreed upon message, that there would be no more arms sales, the Iranian representative said lets talk about arms sales, and brought out what's been referred to in these hearings as the nine-point agenda, which included a promise to get the Dawa terrorist prisoners released and other promises that affected the foreign relations and war making activity of the

United States, and that was the first time the State Department learned of the existence of those accords; am I correct?

Secretary SHULTZ. That's right. I learned about it via the secure call we got from Mr. Dunbar after the meeting, and he got what he had gotten from the meeting and from his conversations with Mr. Cave. Of course, we then subsequently went to—I went to Mr. Gates and he then found the document which we subsequently, I forget just when—came into possession of. But what Mr. Dunbar reported was the essence of the matter.

Mr. BELNICK. Mr. Chairman, members of the panel, Mr. Dunbar's report and other information which the Department received at the time is reflected in memos that appear at tabs 50 and 51, to which I will refer the panel's attention rather than review them.

Mr. NUNN. Mr. Chairman, I don't know, perhaps everyone got the point, but I didn't quite get the point about what changed. I don't know whether the Secretary could go back over that? We just talked about a change that took place, and I'm not sure the substance of that change is clear.

Mr. BELNICK. Mr. Secretary, the change the Senator is referring to is the one you discussed, were the ground rules which said this channel would be used for intelligence only, was now put back to be a channel for both policy and intelligence, and the question, as I understand Senator Nunn, is what was the significance of that change? What did it really mean to say that a channel that you had insisted and thought would be used now only for intelligence was going to be a channel that would be used for both intelligence and policy?

Secretary SHULTZ. I meant that the battle to get intelligence separated from policy and control over the policy was very much in play and the Director of Central Intelligence wanted to keep himself very heavily involved in this policy which he had been involved in apparently all along. That's what it meant. To me that's what it meant.

Mr. BELNICK. Mr. Secretary, did it indicate to you that State had not—that your belief that State had now been given control over the policy towards Iran might not, in fact, be the case, and that, in fact, nothing had changed?

Secretary SHULTZ. Well, a lot had changed by this time. It wasn't that nothing had changed, but as you well know, or maybe you don't—you are not a Washingtonian—nothing ever gets settled in this town. You have to keep fighting, every inch of the way.

Mr. BELNICK. But at least on that point, it occurred to you that what might not have changed was that State was still not firmly in the driver's seat when it came to Iran policy?

Secretary SHULTZ. Well, I felt that we were in the driver's seat all right. On the other hand, obviously Director Casey had managed to go, after having agreed to something, and not calling—he didn't call John Whitehead back and say John, you know we agreed on that, but I think we ought to change it. He went to basically to the President and got it changed, and used a rather, I think, deceptive way of letting us find out that it had been changed.

Mr. BELNICK. It occurred to you in connection with that and with the revelation about the nine-point accord that the deception that you feared had been in progress before was continuing even after November 25?

Secretary SHULTZ. Well, I was worried about it. Of course, I got back after this message went out, and I was sitting in Washington when the meeting that Mr. Cave and Mr. Dunbar had with the Iranian took place. I was in Washington then. And still, you know, trying to struggle, keep track of all this.

Mr. BELNICK. But nobody had told you as they informed you that State could now take over the policy, and ground rules would be developed, that there was still a proposal on the table to sell arms to Iran and on top of that, to release terrorist prisoners, to prepare for possible intervention in a war, to undertake opposition to the Government of Iraq, nobody had informed the Secretary of State of that? Correct?

Secretary SHULTZ. Nobody had informed me of this so-called 9-point agenda. But as far as I was concerned, our policy was clear. No more arms sales under these circumstances.

Mr. BELNICK. As you testified earlier, and will be gone into later, you reported your discovery to the President on December 14, and based on his reaction, you felt that now at last you had gotten through?

Secretary SHULTZ. The President was stunned, and he was furious, as I have said before, and this just had a big impact on him. He had no idea of this at all, I am sure.

Mr. BELNICK. At that point, Mr. Secretary, the argument which had begun in 1985 was finally over?

Secretary SHULTZ. I hope so.

Mr. BELNICK. So do I.

Thank you, Mr. Secretary.

Chairman HAMILTON. The joint hearings will stand in recess until 2:30 p.m.

[Whereupon, at 12:25 p.m., the Select Committees recessed, to reconvene at 2:30 p.m., the same day.]

AFTERNOON SESSION

The Select Committees met, pursuant to recess, at 2:30 p.m., in room 2172, Rayburn House Office Building, Hon. Lee H. Hamilton (chairman of the House Select Committee) and Hon. Daniel K. Inouye (chairman of the Senate Select Committee) presiding.

Chairman HAMILTON. The joint hearings of the Select Committees will come to order.

The Chair recognizes the chairman of the Select Committee from the Senate, Chairman Inouye.

Mr. Chairman?

Chairman INOUYE. Thank you very much, Mr. Chairman.

Good afternoon, Mr. Secretary.

Secretary SHULTZ. Mr. Chairman.

Chairman INOUYE. Before I proceed, I would like to thank you, Mr. Secretary, and your staff for assisting us throughout this difficult period, and I would like to single out two members of your staff, Judge Abraham Sofaer, and Miss Elizabeth Keefer.

In case you didn't know, both of them were extremely helpful to us. They spent weekends with us late into the night, and if for a moment you thought you lost them, they were with us.

I just wanted the record to show the State Department has been extremely helpful and cooperative.

Secretary **Shultz**. Thank you. That was our intent, and I share your high opinion of the two people that you mentioned.

Chairman **Inouye**. Before I proceed, Mr. Secretary, just in case the people of the United States know you only as Secretary of State, I think they should know something about your background.

For example, that soon after December 7, when you received your bachelor's degree from the Princeton University, you enlisted in the Marine Corps and soon found yourself in one of the bloodiest battles of the Pacific, the battle of the Palau Islands. You got your master's degree at MIT and your Ph.D. in industrial economics.

Soon after that, you served as the Senior Staff Assistant to the President's Council of Economic Advisers during the adminstration of President Eisenhower. Then in 1957, you were called by the University of Chicago, School of—Graduate School of Business, you became dean of this graduate school, and a fellow at the Center for Advanced Study at Stanford.

Then you served in the adminstration of President Nixon as Secretary of Labor for 18 months, and thereafter as Director of the Office of Management and Budget. And during that period, you also served as chairman of the Council on Economic Policy, chairman of the East-West Trade Policy Committee.

And in 1974, you joined one of the most important engineering companies in the world, the Bechtel Corp., and you soon became President and a Director of the Bechtel Group, Inc. And prior to your appointment in 1982 as Secretary of State, you were the chairman of President Reagan's Economic Policy Advisory Board.

You have written over a dozen books of great promise and wisdom.

I just wanted this background to indicate to one and all something about your contributions to this country as an outstanding public servant.

Mr. Secretary, at the outset of these hearings which began about 2 months ago, I made a sad prediction that when the story began to unfold, the American people will have the right to ask, "How did this ever happen here or how could this ever happen in the United States?"

And I think at the same time Americans would have the right to demand that it never happen again.

The story we have heard over the past 10 weeks of testimony to some have been sad and depressing and distressing, and to many of us on this panel, and many of us are old timers and a bit sophisticated, but we found it shocking and at times frightening. And I believe that may be the question the Americans will ask and the expectations they have a bit more compelling.

Mr. Secretary, you and I have lived through the agony and the nightmare of Watergate, and we saw it ruin a President, ruin his senior advisers, demoralize the country, and cause the American people to lose faith in their political leaders.

Therefore, it is especially troubling to me, and I am sure it is to you, to see this Nation once again faced with this breakdown of trust between the important branches of government.

And, more importantly, between the government and the American people.

Mr. McFarlane, just before this thing began to unravel, sent a note to Admiral Poindexter, and he said, "I lived through Watergate, John. Well-meaning people didn't intend to lie, but ultimately came around to it."

My question is a very general one, Mr. Secretary, but with your background in public service and being at the helm of the State Department, I hope you can give us a response: How did this happen again and how did life-long public servants, patriotic Americans like Admiral Poindexter, Bud McFarlane, Bill Casey, and Oliver North find themselves in a position where they misled you, kept information away from the Secretary of State, from the Secretary of Defense, lied to the Congress, withheld information from the President of the United States, destroyed, shredded, tore up, altered important documents, government documents to hide or cover up their activities, and involved rather shady characters—and that is an understatement, I think—in participating in the formulation of foreign policy and the implementation of such while at the same time skirting around the people who should be doing that work, to wit, the Secretary of State and the Ambassadors?

And more importantly, Mr. Secretary, if you could also touch upon and advise us as to how we can prevent this from happening again and thus avoid the suffering of national self-doubt and international humiliation that follows such an ordeal?

I realize this may be a big plate, but I am certain you can fill it, sir.

Secretary SHULTZ. First of all, Mr. Chairman, I appreciate your very generous opening comment and your invitation to comment on these major questions, and I'll do my best.

The first point, I think it's very important to recognize, you spoke about restoring trust and confidence. The first point I think we need to keep before us is that a tremendous amount has gone right for America in the last few years. In fact, in many respects we're on a roll. And our efforts to help people move toward democracy and freedom, our efforts to show that a form of economic organization and economic policy that emphasizes markets and incentives, enterprise, things that have worked for us and we believe in, those things have gone forward.

Our efforts, that the President has led, to bring about a situation where the agenda, for example, on arms control is not limitation on how much you can increase but drastic reductions, that is the agenda now. When the President put it forward 6 years or 5 years ago, people said it was unrealistic, it showed he wasn't really interested in arms control, but now that's the agenda.

And in Central America, which has a principal focus of attention here, we ought to remind ourselves that things have been going quite well in Central America, and through this process that we have of argument and so on, and I don't know how many times I've testified before this, in this room before the Foreign Affairs Committee and other committees on Central America and other issues, and, boy, we have had some argument, but now what do we see down there? We see that instead of just Costa Rica we have four countries with civilian-elected Presidents, we have a broad—and broad support for them in the Congress, bipartisan, and we have a general recognition that Nicaragua is the odd-man out. And we have differences of opinion about what ought to be done about that. But hardly anybody has a good word to say for Nicaragua, for very good reasons, and most everybody realizes that the Soviets are pouring stuff in there. So by last year we had a vote, had to have a lot of Democrats as well as Republicans voting for it, that supported the people fighting for freedom in Nicaragua.

So I state that because it shows our process, with all of its difficulties, can work, and things have been going our way, and the fact of the matter is that the revolutionary idea in the world right now is our idea—freedom. So part of restoring trust and confidence in our system is to recognize that with full recognition of what has been brought forward by your committee, that this is not the totality of government, this is not the totality of our policy. There's a lot more, and it's basically good.

And I would say with respect to the revelations that were brought out this morning and that I've been learning about of the deception and so on, and people coming and telling you that they lied to you and so on, as they did to others, that's not the way life is in government as I have experienced it. It is—government in the Congress and in the Executive Branch is basically full of people who are here because they want to help and they're honest, they work at it. We argue. But I would say, for example, right now in the State Department, the people I work with, I have never worked with more able and more dedicated people who just work their tails off when they see the substance in what we are doing and what we are trying to achieve.

So government is full of that, and I think, like you, I want to send a message out around our country that public service is a very rewarding and honorable thing, and nobody has to think they need to lie and cheat in order to be a public servant or to work in foreign policy. Quite to the contrary: If you are really going to be effective over any period of time, you have to be straightforward and you have to conduct yourself in a basically honest way so people will have confidence and trust in you. So I think that's a second point I would like to make to people.

I had the great benefit, when I first came here in the Cabinet almost 20 years ago, to have a great American take me under his wing, and many of you know him, Bryce Harlow, a wonderful man, very experienced in the ways of Washington, and, boy, nobody was sharper at figuring the angles and getting things his way. He was sensational.

But everybody listened to him, there was never any mark on Bryce. Why? He drummed it into me when I first came here. He said, "Remember, George, one thing: Trust is the coin of the realm, trust is the coin of the realm. Be careful when you make a promise to somebody because you want to be sure you are ready to carry it out. And no matter how tempting it may be if you are trying to persuade somebody to vote for this or that or the other to say yes to something that they want, don't say yes unless you are prepared to work your heart out to get it or think you can deliver it."

So trust is the coin of the realm. I think Bryce was absolutely right about that. And I think you know very well, as you sort out your own colleagues, they are the people who do their homework, and they are the people who basically, you have confidence in, and those are the ones that count.

I think there are a lot of things to be learned myself, reflecting on these events, if not from these events, that seem to me, as I have thought about it, worth mentioning. Some of them were brought out in the discussion this morning. One that I think was most vivid in response to Senator Nunn's question, and that is, I think that the importance of separating the functions of gathering and analyzing intelligence from the function of developing and carrying out policy. If the two things are mixed in together, it is too tempting to have your analysis and your—the selection of information that is presented favor the policy that you are advocating.

And even if you are very good at avoiding that, still when it is known that you are a strong advocate of a certain policy, the people who don't share your view are bound to wonder about the intelligence. What the American people have done, what the Congress has done through your appropriating process is to create an intelligence capability that is really very impressive in its capacity to gather information, its capacity to analyze it and present it in an effective way, and it seems to me that one of the reflections here is, should be that is a very big and important job, and that is enough. Do that. They serve the President, they serve the members of the National Security Council, they serve the Congress, they provide us information. It is up to us to use it. It is up to us to ask them the right questions so they gather—so they will gather information that is bears on the things that are on our mind.

I figure the way it should be, perhaps using my business experience, that in a sense the intelligence agencies are out there, and I am their client. They have to serve me. They are not my competitor. I am their client. So I think that is one message, and I am very reassured, as I have talked with the new Director, Mr. Webster, at the way he is approaching it, and I think he believes that this is the right way to go about it.

But I think it is a very profound thing, and it is very easy for it to slip away, and I hate to say it, but I believe that one of the reasons the President was given what I regard as wrong information, for example, about Iran and terrorism was that the agency or the people in the CIA were too involved in this. So that is one point. And I feel very clear in my mind about this point. And I know that long before this all emerged, I had come to have great doubts about the objectivity and reliability of some of the intelligence I was getting, because I had a sense of this. So that is one point.

A second point has to do with accountability. I think the operations of the government, of the Executive Branch of the Government, I will confine my comments to that, but I want to get to the interactions between the branches. You stop me, Mr. Chairman, if I am carrying on here. You ought to interject.

But I think the Executive Branch ought to be so organized that to the maximum extent possible the people who are running things are accountable people. Accountable people are, number one, the President and the Vice President, they are accountable to the American people, they run for election, just like in the Congress the accountable people, in my opinion, are the Members of Congress, the Senate and House, you run for election, you are accountable to your constituents.

In the Executive Branch there are also a lot of other people who are accountable in a different way. They are people who get nominated by the President for a post and they are examined and so on and they get nominated, and then they appear before you. I appeared and spent 2 days—before the Senate Foreign Relations Committee—of examination. And then the full Senate votes.

So they examine you and then that's not the end of it, by any means. From then on you are accountable in the sense that you can be called to testify.

And it's not only the Cabinet officers, but all the Presidential appointees. Judge Sofaer—if you have some problems with what's going on in the legal adviser's office or something you want, you have him come up here and testify. He's accountable, and I'm accountable.

And there's hardly a day goes by when the Congress is in session when—if there's not somebody from the State Department who is an accountable officer, an assistant secretary, under secretary, or deputy secretary, whatever, that isn't appearing before some committee or some committee of this Congress answering questions, presenting testimony, and in that sense being accountable.

So, I believe that the operations of the government should be in the hands of accountable people.

Now, I watched as much of your hearings as I could. I have a full-time job so I didn't watch it as much as I would have liked to. But I heard the question put to Admiral Poindexter, did he tell the President about this fund diversion, and he said no, he decided that he wouldn't do that, and of course the President has said that he had no information about the fund diversion.

I have no doubt about the President's word on that matter—never have—because I've heard him say that in private as well as public.

But in a sense, when I heard that question and answer, I said to myself, well, that's an interesting question, that's a Washington question, "who did what to whom" type question, but the deeper question is how could it be that a staff person was the sole possessor of such a piece of information and had operational control over it and his colleagues didn't know about it and he had that decision in his hands.

That decision shouldn't be in his hands in the first place.

So I believe that the Tower Commission was absolutely right in saying that the staff of the National Security Council should not be involved in operations at all.

I believe that the Tower Commission, in its recommendation that the staff of the National Security Council chair the meetings of Cabinet officers, the adviser, and the deputy, the sub-Cabinet and so on down the line, thereby putting the National Security Council staff at the center of the process—I think the Tower Commission recommendation on that is totally wrong.

I think the chairmanship and all that stands for should be in the hands of the accountable departments, whatever the subject may be, and the National Security Council staff should not be anywhere near the size that it is now. It should be much smaller and it should perform a very, very important job, which is a tough job, and that is the job of coordinating, the job of being up on their toes and running whenever there is a problem and you have a real time thing that you have to cope with—so I'm doing something here, Secretary Weinberger is over there, we are coordinating with the President, we have somebody to call into—like, for example, when the decision was made to try to bring down, get forced to land a plane that we knew about that was carrying terrorists and the President made the decision to get that plane down.

That was a good operation in the sense that it worked well together, it was coordinated well by Admiral Poindexter, the President was very decisive and very quick, and the job was done and we got the terrorists down, and one of them was subsequently let go but the others weren't, and we were able to deliver the message: There's no place to hide, Mr. Terrorist.

So that was a good operation, and I might say in connection with that, there was hardly a peep out of Congress. They weren't consulted by the President before he made the decision. There was no way he could consult with anybody. He had to decide one way or the other or the opportunity was gone. He stepped up to it, he decided it and it was done.

So the NSC staff has an important role to play, but you don't have to be very big to play that role.

So I think that the forum of organization in which the accountable departments are basically running the operations is the right forum.

Now, how can that work? It is not so easy. But I took part in an experiment or an effort in my prior time in the government when I was Secretary of the Treasury.

The President decided that the Secretary of the Treasury ought to also work for him in coordinating economic policy, and that is the case today.

The Secretary of the Treasury is the chief economic officer and he has a coordinating function, and I support that, and I work under his direction in that regard, and I know enough never to have anything to say about the value of the dollar, even though I once used to have that job and I have my ideas. I never say a word about it.

So I had my office as Secretary of the Treasury in the Treasury building, but I also had an office in the White House, and I had as my deputy in the White House role, a very able person, Ken Damm who was Deputy Secretary of State for a while.

So there was a coordinating role there, but more important, there was a White House identification.

When I was asked by the President to be Secretary of State, I was in London on a business trip and I flew to Washington and was choppered up to Camp David—it was a Sunday—to meet with the President and we talked things over.

And I said to him, "Mr. President, I consider myself part of this group. I am your guy. I am part of the White House. I am your person designated to manage the State Department for you and to use the tremendous resources that there are over there to develop policy, to help carry it out as you direct."

The President is the guy who got elected. He is the guy who has the right to call the shots. So it is up to the Secretary of State to have a completely confident relationship with him, so that I know what is on his mind, I know how he thinks, and talk with him about it, and I think—and I have tried to do that.

But I think it would be a good thing if the Cabinet also had offices in the Executive Office Building and they, so to speak, had a White House point of view, the President's point of view, and they worked back and forth between their departments and there was a plan put forward to the Congress when I was in the Budget Bureau under President Nixon that had this idea in it, and it said every department should have a strong deputy secretary and you would expect the deputy secretary would basically run the department and the Secretary is working closely with the President, you are the President's person.

Chairman HAMILTON. Mr. Secretary, excuse me for interrupting you. There is a vote pending in the House. That is why the House Members have left. I am informed that there will be another vote following the one now taking place. I apologize for interrupting you, but I know Members want to know that.

You may proceed, sir.

Secretary SHULTZ. I am reassured, because I thought—that is why I asked Senator Inouye maybe I am carrying on and he wants me to stop. I am losing my audience.

Chairman HAMILTON. No. This is not a good place for us to interrupt you, Mr. Secretary, but it is necessary at this point.

Secretary SHULTZ. Where was I?

The idea was have the Cabinet close to the President. It is often said here that give a person a couple of weeks—Bryce Harlow used to say this: "Put somebody in as Secretary of one of the services and give the services about 2 weeks and he's theirs," or the same in any department.

There are points of view in departments, but the Secretary should have the President's point of view and make the department respond to that point of view. That is our form of government. That is the way it says it should be.

So I think there should be a rearrangement of things that emphasizes the importance of Cabinet government in that sense. And that would necessitate some shifting around, but I think it would be basically beneficial.

It would be beneficial, among other things, in the final point that I would like to make in this set of comments, that is, on the interaction between the Executive Branch and the legislative branch. And we have a lot of problems right now in that regard is my sense and probably we are responsible for some of them, and I think you are responsible for some of them.

But at any rate, we have a system that is described as checks and balances or division, separation of powers and it is a good system, I think.

Now, separation of powers to me means that there are different functions to be performed by the different branches. The two branches—I will just confine myself now to the executive and legislative—they shouldn't be trying to do each other's job, they should respect each other's job. It is for the legislature to pass the laws and appropriate the funds and raise the taxes.

A legislature can't manage government policy. It is just not wieldy, it doesn't work, it is not constituted that way. That is why there is an executive Branch, to manage things and to develop policies and to push them.

But the Executive Branch can't do it unless it gets appropriations and, of course, it has to live by the laws.

So I think—looking at it from the Executive Branch standpoint, we have to respect the fundamental duties of our colleagues on the Hill, but we have to expect them to respect ours and what that means is, as many have pointed out, that while we have a system of separation of powers in the way it is constituted, it inevitably means we also have a system of sharing powers, and there isn't any real way to say here is the answer by some kind of a formula.

You have to have a sense of tolerance and respect and a capacity to work together and a desire to do it, for us to share information, for you to put forward your ideas, not to keep telling us all the time how to run things, but keep tabs. To have a way of interacting, and I think, as I said this morning, the people you should want to interact with are the accountable people and the people that we should want to interact with as accountable people in the Executive Branch are the accountable people.

I am a great respecter of staff and you cannot operate without it and there is a lot to be done by staff work and interacting of staff work, but that is really not the way for us to do our business together primarily.

The way for us to do things is basically to deal with each other and you can only do that from your standpoint if you feel when you are meeting with the accountable people that they really are the ones who are running things.

If somebody else is running things, you are not meeting the right guy or girl.

So these are some of my reflections. Intelligence separated from policy. Let the accountable people run things. And be sure that the accountable people are tied in with the President.

In a sense, the President should feel that the Cabinet is his staff.

I read in the newspapers the other day that it is inevitable that because the National Security Adviser is in the White House and meets with the President all the time that he is bound to be the President's principal adviser on national security affairs.

I don't agree with that at all. And this is not, I hope, a turf-conscious kind of statement, because I didn't come here to do that. It is a statement about what people regard as inevitable, but which shouldn't be. And if it is true that your influence depends upon where you sit or—and so on, then I think there should be some places to sit for the Cabinet closer to the President and he might even make a practice of sitting over there some himself, because obviously you couldn't do it all in the White House.

You have to use what some of us old timers still call the old State, War and Navy building. It used to hold that whole shebang. If we could pull some of the staff out, there would be enough room for the Cabinet in there, and for the President in there, and we could have more accountable government.

So those are some thoughts.

Chairman INOUYE. Thank you very much.

Mr. Secretary, I have another question and I ask this with great reluctance, because I realize it is rather personal in nature, but I think it is relevant.

On that basis, I wish to ask you this question: I have been advised that in August of 1986, you tended a letter of resignation to the President of the United States.

Is that true? And if so, can you tell us something about it?

Secretary SHULTZ. Well, you must have learned that from the fact that these notes that I have kept have been shared with the committees and there is something about that in there. That is true. And I have asked the President to let me leave this office on a couple of other occasions earlier. That is the case.

I don't know if you have some question you want to ask me about that or——

Chairman INOUYE. Was that in any way related to the Iran-Contra affair?

Secretary SHULTZ. Well, in August of 1986, I thought that it was over. There was no—I didn't know anything about the Contra side of it anyway, but on the effort with Iran, I thought was basically on a proper track. But it was because I felt a sense of estrangement.

I knew the White House was very uncomfortable with me. I was very uncomfortable with what I was getting from the intelligence community, and I knew they were very uncomfortable with me, perhaps going back to the lie detector test business. I could feel it.

What I have learned about the various things that were being done I suppose explains why I was not in good odor with the NSC staff and some of the others in the White House. I had a terrible time. There was a kind of guerrilla warfare going on on all kinds of little things.

For example, as you know, the Congress doesn't treat the State Department very well when it comes to appropriated funds, and not only have we historically taking a beating, but we have been cut brutally.

This is a pitch I am making. It is true, though. And I think in a manner that is not in the interests of the United States. There is no—it is not time for us to be hauling the flag down around the world at all.

But anyway, one of the conventions that's grown up because we have no travel money to speak of and the Secretary of State can't travel around on our budget at all. There is no way. And the convention is that there is a—the Air Force runs a White House Presidential wing, and when the Secretary of State has a mission, that gets approved and then I get an airplane and the State Department doesn't pay for the airplane and it's paid for out of this budget. If I had to pay for that airplane, I couldn't travel. So you have me grounded unless I can get approved.

Now, it's not a problem. The system works all right and it's just assumed that that is the way it is supposed to be; but I started having trouble because some people on the White House staff decided that they were going to make my life unhappy and they stopped approving these airplane things. And we fought about it and so on, and finally—I hated to do this—I went to the President and gave him a little memorandum, check off "yes," "no." That's no business for the Secretary of State to be taking up with the President of the United States. But I found out there was a character in the White House that was in charge of doing this. His name was Jonathan Miller. You've seen him here. He was knocking me out of—trying to knock me out of trips, which—I took the trips.

But this atmosphere that I found—I felt that I was no longer on the wave length that I should be on, and so I told the President. I said I'd like to leave and here's my letter. And he stuck it in his drawer. He said, "You're tired. It's about time you go on vacation, and let's talk about it after you get back from vacation." So I said OK, and I guess everybody knows what happened.

Beginning early in September last year, it was a tremendous stretch of activity and so nothing ever happened on that. So I suppose you could say it was related to all of this, but I didn't—wasn't exactly on the point.

At an earlier time, in the middle of 1983, I resigned, and that was because I discovered that Bud McFarlane, who was then the Deputy National Security Adviser, was sent on a secret trip to the Middle East, to Saudi Arabia, Syria, Israel, Jordan, Egypt, I guess, without my knowledge while we were busy negotiating out there, and also, I found some things happened with respect to actions on Central America that I didn't know about beforehand. So I went to the President and said, "Mr. President, you don't need a guy like me for Secretary of State if this is the way things are going to be done, because when you send somebody out like that McFarlane trip, I'm done."

In the labor relations business—I used to be Secretary of Labor. There used to be a lot of intervention in labor disputes and we used to say when the President hangs out his shingle, he'll get all the business. When the President hangs out his shingle and says, "You don't have to go through the State Department, just come right into the White House," he'll get all the business. That's a big signal to countries out there about how to deal with the U.S. Government.

And it may have had something to do with how events transpired for all I know, but it's wrong. You can't do it that way. And on that occasion, we had a very strong discussion and that is the—how these regular meetings that I have with the President got started, and they have been very, very helpful.

So the other time I resigned was after my big lie detector test flap, and again I could see that I was on the outs with everybody, so I said, "Mr. President, why don't you let me go home. I like it in California." And again he wouldn't let that happen. That was in late 1985. Mr. McFarlane had resigned, and Mr. McFarlane and I, I think, worked very effectively together in the—in our efforts with the U.S.S.R. and in what became that Geneva meeting, and in the end, I didn't feel, with Mr. McFarlane having left, that it was fair to the President of the country for me to leave at the same time, so I didn't.

But I do think that in jobs like the job I have where it is a real privilege to serve in this kind of job, or the others that you have recounted, that you can't do the job well if you want it too much. You have to be willing to say goodbye. And I am.

Chairman INOUYE. I thank you very much, Mr. Secretary.

I'm now pleased to yield to the Vice Chairman of the Select Committee, Mr. Rudman. But before doing that, I would like to announce that the balance of my time will be yielded to the gentleman from Maryland, Mr. Sarbanes.

Senator Rudman?

Mr. RUDMAN. Mr. Chairman, thank you very much.

Mr. Secretary, I must say, Mr. Secretary, that this morning at about a quarter to twelve, as you were testifying about your efforts to exert what you thought were the proper influence over the President and his decisions and your loyalty to him in a difficult situation, your references to how government ought to operate, your references to how you believe members of the Cabinet should conduct themselves, I think has come pretty close to the essence of really what these hearings are all about. I hope that many Americans were watching that portion, because that is what these hearings are about.

Mr. Secretary, as the chief foreign policy adviser to the President of the United States, I think it would be fair to observe that all during this initiative that this committee is looking into, you had major involvement in matters involving the security of this nation in the Middle East, in Europe, with the Soviet Union, that that was a very busy period of time for the Secretary of State; am I correct?

Secretary SHULTZ. Yes. All times are busy for the Secretary of State. It's a very demanding job.

Mr. RUDMAN. And as a matter of fact——

Secretary SHULTZ. But a fascinating job.

Mr. RUDMAN. As a matter of fact, although there is not necessarily linkage between each item, if policies are being carried out that the Secretary of State is unaware of in the Middle East, in Iran, wherever, there are tremendous problems with that in terms of how that might affect other things that the Secretary is doing.

Looking at Iran, for instance, and its geographic position, its relations or lack thereof with the Soviets, the whole Persian Gulf problem which now suddenly is in the news, that has been on your mind for a long time. And I would have to assume that one of the great risks of what happened here is that harm might well have come in other areas that could have been anticipated had you been aware of what was going on in this initiative?

Secretary SHULTZ. Well, there is a sense in which everything is connected to everything else. I think the deeper aspect of it is sort of the immediate ricochet, and the emergence of our having said one thing and done another. I think other than all the ins and outs you've brought out, that's probably hit people as hard as anything.

Mr. RUDMAN. Well, I guess if you were to broadly state what you really are about every waking hour, which are many, if you were going to try to oversimplify it, I guess the greatest concern of the American people—the two greatest concerns that you hear expressed for those of us who spend time with our constituents, there are two major overriding concerns in America when it comes to foreign policy.

Number one, people are greatly concerned about the whole possibility of nuclear war, and they are very concerned about American young men dying on foreign fields. Those are the two major concerns. Those are, I expect, your two major concerns. That is what you are preoccupied with.

It just seems, at least to me, that any action by anyone without your knowledge impairs what your basic job is about; is that not correct?

Secretary SHULTZ. Well, if it is taking place in a manner that's inconsistent with our policy, I have to tell you that it's inevitable that there is an awful lot that takes place that I don't know about. There is no way anybody can keep track of everything. And you try. But when something goes in an opposite direction, that's a problem.

Mr. RUDMAN. I want to go from that to what have been, I think, overly dignified in these hearings, using the reference of one of the witnesses, what were called the Hakim accords.

You didn't realize, of course, that Mr. Hakim was an ex-officio employee of the Department of State. He may not have either, but certainly the people he was dealing with had the perception that he was speaking for the government.

And there was some conflict of testimony here. I want to just go over it briefly.

So that everyone understands about the Dawa prisoners and why the President has the intensity of feeling that he expressed to you privately, and that he has expressed publicly, and to others privately, they are the 17 terrorists who were tried and convicted of—by Kuwait for the involvement in bombings of U.S. and French facilities in December of '83. That was shortly after the bombing of the Marine compound.

Intelligence, without disclosing it specifically, indicates there was a close tie between those Dawa terrorists and those responsible for the two bombings in Lebanon, including the Embassy and the bombing of the Marine compound, with the terrible loss of life. There was an involvement in connection with those people with the TWA hijacking, and I might add, with the kidnapping and brutal murder of Mr. Buckley.

I want to refer to the testimony broadly. The testimony is, from Colonel North, that he had permission to discuss these nine points from Admiral Poindexter.

Admiral Poindexter was questioned as follows by Mr. Liman: "Did Colonel North report to you that part of the plan was for General Secord or Hakim to come up with a plan that the Iranians could use to attempt to convince the Kuwaitis to release the Dawa prisoners?"

The Admiral replied: "I believe he did. That was my understanding.

"That it was not something that General Secord——

"I don't—I can't say that I really remember Albert Hakim's role, but my recollection would be that General Secord was to come up with a plan which he could give the Iranians, that the Iranians could execute, not that the U.S. Government would do it or not even that General Secord would actually do anything."

Mr. Liman's question: "Did you clear that with the President?

Mr. Poindexter: "My best recollection is I did."

And I think we have become fairly attuned on this panel to determine absolute answers from what I consider to be equivocal answers. I would say that "my best recollection is I did" falls somewhere in the middle.

Now, I've heard you testify this morning, and I've been aware of the President's reaction to your disclosure to him in December. I want to refer now to Colonel North's contemporaneous notes that had part of the so-called Hakim accords.

Let me be clear that Admiral Poindexter did not represent that these were binding representations of the U.S Government. What he represented was that these were negotiating positions and that they would have to be approved. I'm not sure after what I've heard here by whom, but he said they would have to be approved.

And Colonel North's notes read as follows.

Secretary SHULTZ. I could bring them to you, Senator, and you could vote whether to ratify them or not.

Mr. RUDMAN. I think I know how that would come out, Mr. Secretary.

His notes say, "What must be done for us to achieve an honorable peace and as for us an honorable peace means that Saddam Husayn must go." He, of course, is the President of Iraq. "Then the two parties will establish a well-defined plan and timetable for the exchange of information and intelligence. The U.S. Government will provide maps and information, deliver 1,500 TOWs, paid for by the IRG," which, of course, is the Iranian Revolutionary Guards, which, I might say parenthetically, if they are the moderates, I don't know the meaning of the word moderate. They are Khomeini's loyalists, am I correct, Mr. Secretary?

Secretary SHULTZ. To my understanding.

Mr. RUDMAN. Now, my question is that, is simply this: Did you have any indication from the President of the United States, when you discussed the Dawa matter with him, that you learned about for the first time that he had any knowledge whatsoever that any government officials were talking about it as representations, as inducements, whatever?

Secretary SHULTZ. I am positive from the way the President reacted to what I told him that he was totally surprised, astonished, furious, just no question about it. I don't have any knowledge, I don't know about his discussions with Admiral Poindexter, but the President certainly was surprised by what I told him.

Mr. RUDMAN. As a matter of fact——

Secretary SHULTZ. And he was, and he reacted like he had been kicked in the belly. So I didn't have to tell him what the Dawa prisoners were, he knew very well what they were, and he knew what that stood for. That stood for the fact that here is a small country in a very vulnerable place, right there next to Iran, and it isn't only that the Dawa prisoners, what they did and why they are in jail, but in an effort to intimidate Kuwait, there have been more than one effort at their government to force them to change their stance, and they have always stood up to it.

And in our efforts, our government's efforts to work on the subject of terrorism, we have well recognized that you can only fight this if you fight it as an international effort, and we have to stand up to it ourselves, and we have to persuade others to stand up to it.

And here was little Kuwait, very vulnerable, standing up to it. So we have to support them. They are much more vulnerable than we are. If they can stand up for it, dog-gone it, so should we.

Mr. RUDMAN. Well, Mr. Secretary, based on your description, which I think even though you used terms like "made you sick" and "was the President looked like he got kicked in the stomach", the fact is that may be even understated, as I understand it, the President's reaction. The President was outraged, am I correct?

Secretary SHULTZ. Yes.

Mr. RUDMAN. So I think we could fairly observe that since Admiral Poindexter said it was his recollection that if you had to make, if you don't know, you weren't there, but your view on all of your dealings with the President and that incident would be that as to that event in the so-called Hakim accords, that his recollection, based on all that you have seen, is probably incorrect concerning the President.

Secretary SHULTZ. I am sure of it. I have known Ronald Reagan for almost 20 years, and I have worked closely with him before he was President and during his Presidency. And we have our mostly agreements, sometimes disagreements, we have had plenty of discussions, and I think I know him as a human being pretty well. And I know that I have not misjudged his reaction.

Mr. RUDMAN. Mr. Secretary, this morning in the course of one of your answers you made the point that if you present the President of the United States, this President, with facts, and all of the facts, that his instincts are good and he makes the decision based on those facts, he is not one to back away from decisions. Am I correct?

Secretary SHULTZ. That is right. He is comfortable with himself. He is decisive, he steps up to things, and when he decides, he stays with it. And sometimes you wish he wouldn't, but anyway, he does. He's is very decisive, and he's very strong.

Mr. RUDMAN. You also testified that at the time following the disclosure of this entire matter, which in many ways, at least to me, is as disturbing as the issue itself, that you felt that the President did not have the facts in his possession that would enable him to be his usual forthright and direct self to the American people. Am I correct in that?

Secretary SHULTZ. He was forthright and direct, but he was not, I don't think he was given the correct information.

Mr. RUDMAN. Well, forthright, correct, and accurate in what he said.

Secretary SHULTZ. I felt that the intelligence he was getting during that period was faulty about Iranian terrorism, I felt that he was not being—having described to him accurately, the operational aspects of arms for hostages—he had a perfectly good idea in his mind that was the basis for his decision to begin with. He had every right to make it, a perfectly good decision. I didn't agree with it because I felt underneath it was arms for hostages.

But nevertheless, that's what you got to do when you get elected President, you make those decisions, his decision to make, perfectly proper, but people kept trying to sell him on that when the time went by and he wasn't being given I felt the right kind of information—and I also feel that the intelligence that was the basis for the original recommendation was faulty and that it was tied in with policy.

So that's why, in response to Senator Inouye's question about, "What do you learn about all of this?" One of the primary things I learn from it is keep that intelligence away from policy, and let those people tell it like it is as they see it. You don't have to agree with it.

But, anyway, this is the best, some very sophisticated people with gigantic capability of gathering information, what they think. So you should know that.

Mr. **RUDMAN**. Mr. Secretary, as a matter of fact, one of the major problems that the President had during that period was that from that period until sometime I believe in March the President did not believe that it was an arms-for-hostages swap. As a matter of fact, Admiral Poindexter still doesn't think so, even though it is apparent from the President's public statements in March that when presented with all of the evidence that was gathered by the Tower Board and people like the Secretaries of State and Defense and others that he came to the conclusion that it didn't start out that way in his view, but it certainly turned into something like that. That is a paraphrase.

So the President was making statements that were contradicted by the record, but he didn't have the record. Isn't that correct?

Secretary **SHULTZ**. Well, that's my opinion.

Mr. **RUDMAN**. Now I want to get to a particular item here, and I want to get to exhibit 15 in your book because——

Secretary **SHULTZ**. I should qualify that some because I—an awful lot happened, and I'm sure there were lots of discussions between the President and Admiral Poindexter and others that I knew nothing about, so I shouldn't be so cavalier in such a statement.

I am uninformed. I believe probably what you say is right.

Mr. **RUDMAN**. I don't think it is cavalier at all, because I think there happens to be one compelling piece of evidence.

Going back to your statement about the President, if you present the President with the facts, then he will decide, he will look at the facts—and that is exhibit 15 in your book, which you don't have to look at, but it is the Finding that Admiral Poindexter testified that he thought was politically embarrassing, but he also said that it really wasn't accurate because it didn't really explain what the entire initiative was about. Exhibit 15 is the Finding of the President of the United States that Admiral Poindexter destroyed.

The scope of the Finding says, "Hostage Rescue-Middle East." The body of the Finding says, "The provision of assistance by the CIA to private parties in their attempt to obtain the release of Americans held hostage in the Middle East: Such assistance is to include the provision of transportation, communications and other necessary support. As part of these efforts, certain foreign materiel and munitions may be provided to the Government of Iran, which is taking steps to facilitate the release of the American hostages."

Mr. Secretary, had this been put in front of the President of the United States, as you know him, on or about the 20th or the 21st of November 1986, do you not believe that he then would have been armed with the ultimate fact that at least his statements would have been accurate?

Secretary **Shultz**. Well, it would have been very sobering for him to see that certainly, and it would have been a good thing.

Mr. **Rudman**. As a matter of fact, you believed that this Finding, which Admiral Poindexter dismisses as being not important, not accurate, in view of the Secretary of State at that point in time, based on your testimony, you believe it is accurate?

Secretary **Shultz**. I know nothing about that Finding, but I believe that the President's conception, as I said earlier, was that he authorized an initiative toward Iran and that he felt there would fall out of that, if it worked, the release of our hostages, which he felt was very desirable, and as I'm sure we all feel is very desirable, and it is very frustrating because it is not so easy to figure out how to bring that about.

And he was willing to go along, if it proved to be necessary, with some small—as he regarded it—token shipment of arms. That's the way it structured in his mind, and I think I and—well, you'll hear from Secretary Weinberger, I won't try to speak for him—but judging from arguments we had, he and I both felt that with all due respect to that, what it seemed to come down to, or was likely to come down to when somebody started doing something, was arms for hostages. And I think that proved to be right.

Mr. **Rudman**. Well, as a matter of fact, Mr. Secretary, you made a statement this morning which I agree with totally. I think I'm quoting you generally accurately, but it may be a paraphrase.

But essentially you said that the people who were giving the President the facts—and I put the word "facts" in quotes in what I wrote here at noon—that those people had a conflict of interest in that in some ways they would have liked the Great Communicator, to use your words, to bail them out. That really was a major problem during that period. Is that not correct?

Secretary **Shultz**. I felt that it was, and the President is a very—a person who is very good at expressing himself, both extemporaneously and in prepared speech, and very persuasive, and everybody knows that.

He is persuasive in part because he believes the things that he says, and that comes through. The content comes through.

And so it seemed to me what was happening was they were—people were trying to use that undoubted capability to sort of carry through this and get rid of the problem and go on with their program.

Mr. **Rudman**. Mr. Chairman, I have a few more questions. If you wanted to take the afternoon break, I would like to ask one more and finish 5-or 10-minutes afterwards. I would like to finsh just one question.

I know members have been sitting here for a while.

Chairman **Hamilton**. Why don't you finish one question and then we'll take a recess.

Mr. RUDMAN. Mr. Secretary, again, you are not here to cast aspersions on other people. That is not why we want you here. But there is a basic question here that's been troubling many people on this panel. I will put it to you generally.

Do you agree with me—and I think most members of this panel—that a Cabinet officer or someone of Cabinet rank who assumes responsibility for some sort of a major initiative—I'm referring to the diversion—without Presidential authority has an obligation—law aside, courts aside—has an obligation to his President, who placed his trust in that individual, to tell the President, at the least, of what he did on his own authority?

Secretary SHULTZ. Well, I think the obligation goes earlier than that. I think a Cabinet officer must recognize that I—the Cabinet officer—I didn't get elected to anything, the President got elected, and it is one of my responsibilities to be sure that the things I'm doing are consistent with what the President wants. And when there's something of genuine significance, even if I am sure it's what he wants, I want to have him take part in it and be sure that he sees it and takes responsibility, and the more difficult it is, the more I should go out of my way to point it up to him so he doesn't miss the point of why it is that I am concerned about this.

For instance, we talked about the Dawa prisoners, and Admiral Poindexter thinking that he probably told the President—I think if you were going to do something like that, and I can't imagine that you or I would, but suppose you were—you had a responsibility to the President not just to sort of pass it by him, but to go and say, Mr. President, here is something that is proposed to be put on the table and let me explain to you these are terrorists, they murdered people and so on, and it is totally opposed to our policy to do anything about that, and we've assured Kuwait and so on, so, Mr. President, I'm telling you all these things to be sure it is clear in your mind if you approve going ahead, that's the way you should tell him—not say by the way—Mr. President, here is this thing, check here, or something. You have to highlight the problem to the President if you are doing your job right; that is an obligation—not to try to get something approved, but to be sure that it is done, I'll say—to use a perhaps pompous term—constitutionally.

Mr. RUDMAN. Mr. Secretary, I will close it there just with a brief comment.

There is a term that is well known around this town and the world about the arrogance of power. Ronald Reagan has never had the arrogance of power, in my view. But it seems to me that some people working for him surely did.

Chairman HAMILTON. We'll stand in recess for 10 minutes.

[Brief recess.]

Chairman HAMILTON. The committees will resume sitting.

Senator Rudman is recognized.

Mr. RUDMAN. Thank you, Mr. Chairman.

Mr. Secretary, it is my understanding that there is some misunderstanding about some of your testimony in response to questions by counsel, Mark Belnick, this morning concerning the President's policy vis-a-vis selling arms to Iran and the control of the general policy subsequent to the 25th of November.

I'd like to give you an opportunity to clarify that testimony.

Secretary **Shultz**. The President decided—whatever the date was—that there would be no more arms sales. That is our policy. The President has had no second thoughts about that whatever.

Mr. **Rudman**. That was in November, I believe?

Secretary **Shultz**. Whenever that was. I don't have the date in my mind.

The question of what was involved in Director Casey's reinsertion of the word "policy" into the talking points, as I understand it, is the source of misunderstanding. Those talking points continued to say no arms sales. That is what was read out. That is why it basically didn't make much difference as far as the Iranian end of it was concerned. That message was delivered firmly, unequivocally. The President fully supported that.

I imagine that the President—I know the President felt very strongly about the importance of continuing to pursue the effort to rearrange things with Iran, which we continue, and I think he was just concerned that that not be dropped, and Director Casey was concerned that he stay in the policy loop, and I was concerned that he get out of the policy loop.

That is what—that was an internal battle, and I think at this point it is no longer any battle. The CIA is not in the policy loop.

Mr. **Rudman**. I think it is clear from your answer that the battle was about who would control the policy. But as far as what the policy was as of that date—and I believe it is about the 25th of November—the President made a firm decision there would be no more arms sold to Iran; am I correct?

Secretary **Shultz**. Absolutely. And, of course, who controls the policy? The President controls the policy.

It goes back to what I was saying in response to Senator Inouye. But here, beyond who is going to be working on policy issues with the President, is also the issue of the intermingling of intelligence with policy. And I think that is one of the sort of philosophic-type issues—or whatever you want to call it—that comes out of this.

I feel very strongly, as I've said, that the two should be separated.

Mr. **Rudman**. Mr. Secretary, I have used about a half an hour of my hour.

I am going to yield 15 minutes of my time to my friend from Idaho, Senator McClure, who I believe is going to follow Senator Sarbanes.

Before I conclude—and I do not believe I will use the balance of time remaining for myself—I just want to make a couple of observations, Mr. Secretary, because I think your testimony has been extraordinarily useful and vital and important to this committee and for the American people.

I fear there has been a great deal of misunderstanding about what these hearings are about. You have received a great deal of criticism since last November about your role, which you now have had a chance to truthfully, and I think forcefully, state here.

Members of this committee have received a great deal of criticism from those that are very loyal to the President, for being critical.

But, of course, it is my underlying view that the most serious thing that happened here was a total breakdown of those people who owed the President the most.

I do not believe, from what I have seen looking at thousands of documents, that the President was ever adequately briefed on what was going on here. We know that he was purposely omitted from sharing or, in fact, making the decision on diverting proceeds from this arms sale to the Contras.

Some people think that this hearing has been about aid to the Contras. To the extent it has educated the American people better about the problems in Central America, that is good, but that is not the purpose of these hearings.

The purpose of the hearings, it seems to me, is to show the American people what happened and to also show them that there are people in this government who function the way the Constitution envisions the government should function. I believe that one of the saddest things I have seen since I have been here in the Senate—and it is only a blink in time, 7 years—but one of the saddest things I have seen was watching you stand there this morning and raise your hand and take the oath to tell the truth. That is a sad commentary on what happened in this affair, because I can't think of anyone in Congress who agrees or disagrees with you or your policies or what you believe that thinks that you need to take an oath to tell the truth.

You demonstrated here today, and I hope that people have been paying attention, that you have an effective and tough foreign policy. You conduct it lawfully without lying, without shredding, without withholding key information from your President, without compromising the basic trust that honorable people believe in in the conduct of government.

More really, Mr. Secretary, than the substance of your testimony, which is important, I believe is the fact that you stand for honor, decency, and observance of the law in government. I think that is the true importance and what will be remembered about your testimony.

Finally, there has been a lot of talk about heroes. I do not believe that heroes are people who deceive their President. I do not believe that heroes are people that protect themselves at the risk of their President. I believe the real heroes are people who speak up to their President, make their views known and are willing to take great personal risks in confronting their President who they are loyal to to give him the best possible advice that he can get. You are such a hero, Mr. Secretary, and I appreciate your testimony today.

Thank you, Mr. Chairman.

Chairman HAMILTON. Senator Sarbanes.

Mr. SARBANES. Thank you, Mr. Chairman.

Mr. Chairman, how much time do I have?

Chairman HAMILTON. Chairman Inouye and I agree on everything, but we can't seem to agree on the amount of minutes you have. I think it is 30, Senator Sarbanes.

Mr. SARBANES. Counting my own time?

Chairman HAMILTON. I think it is 30 minutes total.

Mr. **Sarbanes.** Mr. Chairman, I would like to reserve 10 minutes of that time and use the balance.

Chairman **Hamilton.** The Senator is recognized for 20 minutes then.

Mr. **Sarbanes.** Mr. Secretary, welcome. Mr. Secretary, I would like to make this observation. Perhaps one minor benefit of these hearings is that on the day that Robert Owen testified that he and Jonathan Miller cashed traveler's checks for Colonel North and assisted in funneling the proceeds to the Contras, that a few hours later Jonathan Miller resigned from the White House staff. And that may be just one minor benefit of the hearings. The Secretary may be able to get his airplane now.

Mr. Secretary, I think we have reached a stage in the hearings where we are really addressing the larger questions, and I welcome that. Because I think what is at issue is how policy was being made and who was making it and carrying it out, how the whole policymaking function of our government was proceeding, both within the Executive Branch and in terms of the relationship between the Executive Branch and the Congress.

In fact, I think that whichever way you resolved these contradictions in testimony that we have had between Colonel North, Mr. McFarlane, Admiral Poindexter, Colonel North or Admiral Poindexter, Mr. McFarlane, your perception of the President's reaction to the Dawa prisoners point, as compared with Admiral Poindexter's statement in the record, even Admiral Poindexter's statement on the question of diversion, that a more important issue than all of those factual determinations is the overwhelming sense that this is no way for a great power to conduct its affairs.

I find it staggering that the President signed three Findings on the transfer of arms to Iran and that you didn't—the Secretary of State and—I understand although we will have him here to testimony—the Secretary of Defense, the two officers charged with national security responsibilities in terms of their departments, did not know about it.

You have been criticized by some as not being a good soldier for the President's policy, but how could you have been expected to be if you didn't know, in fact, that that was a formal determination of Presidential policy that occurred in early December of 1985 retroactively and then twice in January of 1986.

My concern over how we do our business is intensified by just referring back to Mr. Hakim's testimony. When he was before us, he was asked, "When you were told that this agreement that you had negotiated had been approved by the President of the United States"—this is the nine-point agreement that Senator Rudman asked about and that included within it the provision for trying to work out a plan for the release of the 17 Dawas imprisoned in Kuwait.

"When you were told that this agreement that you had negotiated had been approved by the President of the United States, you must have felt very proud.

"Mr. Hakim. I felt proud throughout, sir. I felt proud being part of the team.

"Question. Did you feel like you had been the Secretary of State for a day?

"Mr. Hakim. I would not accept that position for any money in the world, sir.

"Question. Well, you had it better than the Secretary of State in some sense. You didn't have to get confirmed, correct?

"Mr. Hakim. I still believe that I have it better than the Secretary, and I can achieve more, too.

"Question. And if this initiative had succeeded, did you ever make any calculation as to how much you and General Secord would make?

"Mr. Hakim. In what period of time, sir?

"Question. People tend to think in terms of 3- to 5-year plans.

"Mr. Hakim. Many millions.

"Mr. Liman. Did it bother you at all that here you—and I say it respectfully—a private citizen was left with this kind of task of negotiating an agreement in which if it succeeded you stood to benefit very substantially?

"Mr. Hakim. Mr. Liman, what bothered me was that we didn't have the competence within the government to do what I could do. That still bothers me."

Mr. Hakim was left there by General Secord and Colonel North to negotiate on behalf of the United States of America with the Iranian interlocutors. It was then that this nine-point plan was negotiated, in effect, gearing up this involvement of freeing the Dawa terrorists to obtaining hostages.

North went on the proposition that all hostages had to come out and the nine-points had 1½ hostages.

I don't want to belabor the point, but I think it is clear that doing business this way demeans the power and majesty of the United States. And leaving aside all of the contradictions and factual assertions, it seems to me the overwhelming lesson that comes through is that this is—the overwhelming sense is that this is an incredible way for a great power to have been conducting its affairs.

Let me turn to two or three specific questions.

I am concerned by the extent to which in all of this activity, in effect, the State Department itself was being subverted so that your ability to do your job was being undercut or undermined. I want to refer just briefly to Operation Staunch and to the question of Ambassadorial responsibility.

Now, on Operation Staunch, I take it that at the very time that these arms transfer efforts were under way, you and your colleagues in the Department—you, specifically, for instance, at the UN, when you meet with the leaders of—the foreign ministers and the leaders of countries from around the world—were involved in urging in the most uncertain terms countries not to ship arms to Iran.

Could you tell us a bit about the efforts you were making in Operation Staunch?

Secretary Shultz. Well, it was an effort that took place over a period of years and it was part of our policy toward the Iran-Iraq war, as I explained this morning. We had a very capable person, Ambassador Fairbanks, devoting a major fraction of his time to it, and he traveled around and he gathered information, had people helping him gather information about where the problems might be.

When somebody complained about the possibility of a sale that might go from country X to Iran, we said give us chapter and verse and we will go right to work on it, and we did.

So it was a very clear and visible effort to discourage and stop to the extent we possibly could the sale of arms to Iran, and it was a known, visible, and we thought toward that war, important policy, and Ambassador Fairbanks and many of you know him.

He is a person of great individual personal stature and he had a high position in the Department.

Mr. SARBANES. I would just observe that reviewing one of Ambassador Fairbanks' memos on this issue, I notice that he singled out for special attention trying to stem any arms movement a country which was called upon unbeknownst to you, I believe, to assist in an arms movement to Iran.

So it was a direct conflict between your enunciated policy that you were seeking to implement and what was occurring because of this effort to transfer arms to Iran.

Secretary SHULTZ. I should add, I talked about Ambassador Fairbanks' work when he left the government, Ed Derwinski, who was counsellor and is now under secretary, and a person you all know because he was a Member of the House for many years and is a very good operator, knows how to get things done, he took this job over.

He has also worked on it, and I think he has done a good job of getting it back on the track, and we are in business. The fact that we had this UN vote recently helps us.

Mr. SARBANES. Was another factor for not shipping arms to Iran in addition to the position we were taking on the Iran-Iraq war the fact that Iran had been identified as a terrorist nation?

Secretary SHULTZ. Yes.

Mr. SARBANES. And is it correct that it is our view that Iran had ties with the elements in Lebanon that were responsible for blowing up the Marine compound?

Secretary SHULTZ. Yes.

Mr. SARBANES. I would like to turn to the——

Secretary SHULTZ. And I think our evidence is that Iran, if it doesn't have absolute control over the hostages, has a very considerable measure of control, and I think that is true.

Mr. SARBANES. So we were in the position of sending arms to a country that had supported the elements and, as you have just indicated, had extensive control that were responsible for the bombing of the Marine compound and the loss of 241 American lives and, also, according to the Hakim accord, we were going to put on the table the possibility of freeing the Dawa terrorists who had been imprisoned by the Kuwaitis for their terrorist attacks on Americans and Frenchmen in Kuwait; is that correct?

Secretary SHULTZ. That is correct. But I don't want to sit here with any implication at all that whatever Mr. Hakim may have thought, whatever Colonel North may have told him, that this was in any way U.S. Government policy.

Mr. SARBANES. I understand that.

Secretary **Shultz**. It was not, and it could not have been cleared with the President and was misrepresented.

Mr. **Sarbanes**. I understand that, but that it could happen is in itself an important comment on how policy was being made, or perhaps, more accurately put, how policy was not being made or not being implemented?

Secretary **Shultz**. It's an example of how something got off the rails when it was being administered by a staff that was not supervisable in the normal, accountable sense. That gets back to a point that I was making earlier.

Mr. **Sarbanes**. Let me ask you about the Ambassadors. How many——

Secretary **Shultz**. Let me just say that a minor aspect of all this that galls me; as you look at almost any part—this is minor, but it nevertheless, it galls me. Our guys, to the extent that the staff people who were doing this, they got taken to the cleaners. You look at the structure of this deal. It's pathetic that anybody would agree to anything like that. It's so lopsided. It's crazy.

People say you can't trust the State Department to negotiate a tough deal. Well, I'll tell you.

Mr. **Sarbanes**. Let me turn to the question of the Ambassadors. How many instances do you know in which Ambassadors in the Department operated through a back channel, Ambassadors or others in an Embassy, operated through a back channel direct to the NSC and cut out the State Department and cut you out?

Secretary **Shultz**. It's a perpetual problem. It's always a problem. It's a problem today, but I have been doing everything I can and I think the President has been trying to help me—I know he has—in trying to make it clear to the Ambassadors, and I give them written instructions to say there is a chain of command around here and the top man in that chain, our boss, is the President. And the next person in that chain is me, and the Ambassador takes instructions through that chain of command. They come from the assistant secretary in charge of that region of the world and the Ambassador is not to take instructions from anybody else unless the President decides that he wants to instruct the Ambassador personally.

Now, no doubt an NSC adviser personally might call an Ambassador, let's say, and give an instruction, but I hope it's gotten through people's heads that if that happens, even though the statement may be made, "I'm calling on behalf of the President," before he does anything, he is tasked to tell me. And it's got to be that way and they've got also to be accountable.

Now, it's a hard job. You are very familiar, as a member of the Foreign Relations Committee, with the nature of an Embassy and how it works, but you have the Ambassador. Less than 30 percent of the people working for him are in the State Department. In other words, most of the people are from some other agency. And in this day and age of communications, of course, everybody has a telephone. But some of the agencies have their own channels and so the flow of information is difficult to control, but the Ambassador is charged with knowing. His job is—he should know what is going on in the country. He is responsible as the President's representative for administering in that country all of the different things that are part of the U.S. Government activity, except for military bases, and there he has to coordinates with the commanding general, or whoever.

So all of these people from different departments are, so to speak, responsible to him, but they aren't. They are also responsible to their department. And it's a hard managerial job, particularly when you have all these channels of communication. And we try to get control of that.

And I have said—I have worked very hard on the management of the Department since I have been in this job and on security, both physical security and counterintelligence security. And it's obvious I haven't worked hard enough. But anyway, I have worked hard on it. And—particularly recently have said to the Ambassador, "You not only have this chain of command, but you are accountable, Mr. Ambassador, for anything that may go wrong," and I'm thinking particularly right now of counterintelligence. So if somebody thumbs their nose at you, I expect to hear about it.

Mr. SARBANES. Well, now, did you know that Ambassador Tambs was opening a Southern Front——

Secretary SHULTZ. No.

Mr. SARBANES. —assisting Colonel North in establishing an airstrip and engaged in the Singlaub-Pastora agreement?

Secretary SHULTZ. Well, I heard about the Singlaub agreement. That was reported. And that was totally out of line, and Ambassador Tambs—his report was that he wasn't involved in that, but he learned about it and he cabled us about it and we went back to him promptly and said you have to tell Mr. Pastora, this is without respect to the merits of the agreement, that particular agreement was OK in its terms but that there was—that was not an agreement from the United States of America, it was a misrepresentation, and he should in no way think he has an agreement with the United States.

Mr. SARBANES. Did you know that the officials in the Embassy in a friendly European country were working to try to move shipments of HAWK parts through that country to Iran in November of 1985?

Secretary SHULTZ. I didn't know that at the time.

On the other hand, in that particular instance there were some representations—I guess I would have to call them misrepresentations—to Ambassador Oakley in the department, and so in that case there was a departmental contact that was—which the charge' involved, I think, relied on. So I think that is a little different sort of case.

Mr. SARBANES. Now, the actions that Ambassador Kelly in Lebanon took, working with Colonel North, were totally unknown to the department; is that correct?

Secretary SHULTZ. That's correct.

Mr. SARBANES. Mr. Secretary, the final subject I want to ask you about are these efforts to establish a sort of on-the-shelf, ready-service covert operation.

North, Secord, Hakim had such an operation. Were you aware of it?

Secretary SHULTZ. No.

Mr. **Sarbanes**. I would like to send you an exhibit, which is not one of your exhibits, but it has appeared twice in the course of these hearings. This appeared once as an exhibit with General Singlaub and again with Colonel North. It is a memorandum found in Colonel North's safe, and it sets up a scheme which is perhaps best understood by this table on the second page, in which the United States would move high technology to Country B, Country B would move military equipment over to Country A, and Country A would then put weapons into this trading company, and the trading company would then allocate it out in various places around the world.

So it would be a self-contained scheme outside of any accountability, outside of having to come to the Congress, in fact, outside of even having it known within the Executive Branch and subject to the checks and procedures in the Executive Branch, and on the following page it says as the one example of results, "The United States then has at its disposal a large and continuous supply of Soviet technology and weapons to channel to Freedom Fighters worldwide"—this is the third paragraph on the page following the table—"mandating neither the consent or awareness of the Department of State or Congress."

I assume this is the first time you have seen this.

Secretary **Shultz**. Yes. And I hope you feel you are in good company being linked to the Department of State.

Mr. **Sarbanes**. Well, I'm trying to say to you I do, as a matter of fact.

Secretary **Shultz**. Thank you.

Mr. **Sarbanes**. I think that this proposal, which was never implemented—instead, of course, what they did was they took a different approach, which was the one that Secord, North, and Hakim established whereby they would get the money from private parties, from contributions by third countries, and through the overage on the selling of arms, and then build up their reserve in what Secord called the Enterprise, and then engage in covert activities anywhere, potentially anywhere and everywhere in the world, as they chose, without responsibility and accountability—is one of the most dangerous matters we have looked at in this entire hearing.

Secretary **Shultz**. Well, I can tell you that having talked to him about it, anything that the President—President Reagan wouldn't touch this with a 10-foot pole. It's totally unacceptable. And you know that and I know that.

Mr. **Sarbanes**. Let me ask you to respond to this final question. Admiral Poindexter, in talking about the use of the proceeds of the Iranian arms sales for the Contras, also addressed using it for a series of other covert projects, and he was asked was that the first time you ever heard about that, and he said, "It is the first time that I've heard it discussed in that depth; I don't at all doubt that Colonel North and Director Casey may have discussed that; frankly, it is an idea that has some attractive features in my mind."

Is it an idea that has any attractive features in your mind?

Secretary **Shultz**. None.

Mr. **Sarbanes**. Would you explain why?

Secretary **Shultz**. Because it is totally outside of the system of government that we live by and must live by.

You cannot spend funds that the Congress doesn't either authorize you to obtain or appropriate. That is what the Constitution says, and we have to stick to it.

Now, I will join everybody in saying that sometimes it gets doggone frustrating with what the Congress does or doesn't do, and I can be critical. However, that's the system that—we have to accept it and then we have an argument about it and try to persuade you otherwise.

Just as I was saying about the funds for the Nicaraguan Freedom Fighters, when I was asked about third country solicitations back in 1984, I think that in the end if this is going to work, we have to persuade the Congress to support it. And when we persuade the Congress to support it, which is the present situation, the results are much stronger.

That's where our long-term bet has to be. We have this very difficult task of having a separation of powers that means we have to learn how to share power. Sharing power is harder, and we need to work at it harder than we do.

But that's the only way. And this is not sharing power, this is not in line with what was agreed to in Philadelphia. This is a piece of junk and it ought to be treated that way.

Mr. SARBANES. Thank you.

Thank you, Mr. Chairman.

Chairman HAMILTON. Senator McClure.

Mr. MCCLURE. Thank you very much. As I understand, I have 30 minutes. I will use a portion of that time and reserve the balance. I do want to give other members the opportunity to use their time in rotation rather than using all of my time first.

Mr. Secretary, I want to get back to one portion of the mandate of this committee, which I think has been neglected a little bit in the course of these hearings, and that is how did we get to the policy that was expressed with respect to Iran and what that policy was and, in your opinion, what it ought to be.

Now, as I recall the testimony and the evidence before the committee up to this time, it was Mr. Ledeen who came to Mr. McFarlane and said, "I was in Europe recently and I ran into a person there that believes there is an opportunity to open a dialogue with different elements in Iran that might lead to a different relationship in the future than the one that we have today with the Khomeini Regime." Is that your understanding?

Secretary SHULTZ. I guess that is right. I came in perhaps a little later than that, but you have been studying this more than I have. Nothing wrong with that. That is perfectly good. That is what we want to do.

Mr. MCCLURE. If, as a matter of fact, anyone came to a responsible official of our government and made the suggestion that there was the opportunity to effect a different relationship with a future government in Iran than the one we now don't enjoy, it would be irresponsible for us to turn down any such opportunity, would it not?

Secretary SHULTZ. Yes, but let me say to you that it has happened quite a lot as we get approaches from this person or that person and we try to follow them up. But usually they turn out to be fraudulent.

Mr. McClure. You would do two things. First you would judge that on the credibility of the source of information: Did it appear to have substance? And, secondly, to explore it to see whether it had substance if you believed it had any at all, is that correct?

Secretary Shultz. That is correct. But the world is full of con men, and they are constantly out there.

Mr. McClure. And some of them get elected to Congress.

Secretary Shultz. And they know that we have certain interests, and they try to put a little bait out there, and you have to watch it and be careful.

Mr. McClure. I understand that. And I am not suggesting that just because somebody makes a suggestion to us that we automatically put the whole apparatus of government at the disposal of that particular information. The amount of your effort would depend partly upon the credibility or apparent credibility of the information that you got and then you would move forward in that, to probe it to see whether it had substance, I would assume.

Secretary Shultz. That is correct. I want to point out to you that there are ways in which we communicate with Iran that are clear and in a sense official. The Swiss are our protecting power in Tehran. Any time we want to pass a message to the Government of Iran, we can do that easily by writing it out carefully, calling in the Swiss, asking them on our behalf to deliver the message, and they will deliver it. That goes on.

Mr. McClure. That is a time-honored diplomatic process, is it not, just not in this instance, but in a lot of instances?

Secretary Shultz. That is a constant process, and it is a very useful convention, and Algeria is Iran's protecting power here, and they can deliver a message if they want or receive one from us.

In addition, there is the claims court in the Hague, and there there has been a process that was set up. It has actually been a very good process, pretty good process, and we have our representatives there and the legal adviser to the State Department runs it from the standpoint of the United States and goes there. His counterpart is there, and they talk. Although they don't talk about policy things, they talk about that particular matter. There are other official ways.

The point I want to make is this, that you send messages that way, and you have a design. You want to get certain things across. And if you then have all these other entrepreneurs around and you give them any running room, then what you are liable to do if you aren't careful is confuse the signals.

So I am trying to respond to your point: Should we respond to everything that comes along? Well in a sense, yes, you are always looking, and you are always on the alert, and we do. But also you need to be a little careful when you do it that you don't wind up doing harm. It is not benign necessarily.

Mr. McClure. Mr. Secretary, I agree with what you are saying, and I appreciate your response, and I think it is a valuable addition to our evaluations to be able to keep that in mind.

It is, however, not exactly the point I wish to make or to elicit from you. And that is: If indeed—well, let me preface it with a different question. Is Iran important to us geopolitically?

Secretary SHULTZ. Iran is clearly a country of importance in the world, and it is a country I think that inevitably at some stage of the game will want a relationship with the United States. We don't have to pay for it. They will want it. We want, similarly, to have one. But there they are with a big border with the Soviet Union, the Soviet Union includes territory that at one time was part of Iran. It is not necessarily a benign partner on the border.

So having a relationship with the United States is useful to Iran potentially, and sooner or later I am sure it will come about. We don't know just how or when, but we need to be alert to that, and it will be to their advantage to reestablish a better working relationship with them.

Mr. McCLURE. It's also important to us.

Secretary SHULTZ. Yes. But not at the expense of our policies on hostages, not at the expense of our policies towards the Iran-Iraq War, not to the extent of our policies against terrorists. We don't have to pay any of those prices.

Mr. McCLURE. But still important to us?

Secretary SHULTZ. Yes.

Mr. McCLURE. Without going back into all of recorded history, at least as a recent history we could look to as evidence of that importance to us, back in the Eisenhower, well we'll go back before that, the end of World War II when it was apparent the Soviet Union was planning to move into and occupy the territory of Iran, President Truman said, you do and there is a war, and they didn't; is that correct?

Secretary SHULTZ. We have had a long struggle and I think it shows various incidents that you could adduce that it is well recognized in the United States that Iran is an important country and so we will extend ourselves having that in mind. Right now, of course, our problem is different.

Mr. McCLURE. And at one time, President Eisenhower, during the Eisenhower administration, had occasion to show the United States interest in what happened within Iran internally.

Secretary SHULTZ. That is correct.

Mr. McCLURE. Those are matters of history and they are recent history and although they are not exactly the same as today, obviously with the change of the government, the fall of the Shah and the substitution of a radical revolutionary Islamic Government that we have a different relationship certainly with that government, but no less interest in the people, the topography, the geopolitical, geostrategic area of the world in recognizing the Soviet Union's interest in the same area; is that correct?

Secretary SHULTZ. Correct. And you have to be impressed with the people, and I don't know whether you have been there or not, I have been there.

Mr. McCLURE. I have.

Secretary SHULTZ. As a construction man——

Mr. McCLURE. Not recently, however.

Secretary SHULTZ. If you go into some of those mosques built hundreds of years ago and see the marvel of construction, the beauty of it, you know that there is immense inherent capability.

Mr. McCLURE. Would you suggest—do I get either by direct testimony or an inference that you believe that the conditions in Iran are such today and the regime in Iran is such today that we ought do nothing at all except sit and wait for them to make the initiative?

Secretary SHULTZ. We have made plain our readiness to have a dialogue with them. We have made plain our views about their policies. And what it takes to have a normal kind of relationship.

Mr. McCLURE. Well, I was getting from you what I thought to be a rather—a rather positive reaction that said, these are bad guys, we are not going to do anything with them until the conditions change when they see it is in their advantage, to their advantage to do better with us and then we won't pay any price for that new relationship, they will. Is that fair?

Secretary SHULTZ. The behavior of Iran now is not behavior that is acceptable as far as we are concerned.

Mr. McCLURE. I don't think any of us would argue with that.

Secretary SHULTZ. So we say that to them and we point out to them what we think it is that stands in the way from our standpoint of a different kind of relationship. And, of course, it isn't, it is not so much a relationship with us as such, it is Iran's behavior, and so in working with Iran or trying to understand Iran and have some impact there, it isn't only what might or might not take place in a dialogue with us, but there are other countries that are undoubtedly better positioned at this time to have an impact, and they do try among the—our chief allies, you have Germany, you have Japan, and among other great friends of ours, you have countries like Pakistan, and Turkey that perhaps have a little better understanding of the culture, and so we talk to those countries a lot about Iran.

Mr. McCLURE. Mr. Secretary, I don't mean to cut you off, but 15 minutes is a very short time and two thirds of my time is already gone. And I really was trying to get the sense of what it is you are trying to tell us, because there seemed to be a contrast between those who were eager to make, to exploit what they saw as a breakthrough or an opportunity towards a breakthrough and without—I don't want to paraphrase your words wrongly, but it seems to me you are expressing a great coolness to that idea.

Secretary SHULTZ. I am expressing a great coolness to the idea of paying for it by selling, by arms. That is what always seemed to come forward.

Mr. McCLURE. You are jumping way over where I started. Maybe you are so eager to make that point that you—what I am trying to get at is whether or not you saw any opportunity that was worthwhile in trying to establish a different relationship, and let's don't even talk about arms yet because they haven't been talked about yet.

Secretary SHULTZ. Yes. I think we should keep——

Mr. McCLURE. It is when you got into the question of arms and other concessions that you found unacceptable that you then become cool to the idea of trying.

Secretary SHULTZ. I think we should try in the right way, with the right kind of channels and with the right kind of content.

Mr. McCLURE. I don't disagree. I am just trying to find out where you are coming from so we can know what your motivation was and what your reaction was so we can maybe contrast that with other people who may have had different motivations and, therefore, came to different conclusions. And I don't disagree with you, I think it is a great mistake to barter for hostages or to sell arms to Iran in an attempt to get them back.

If we look at that Finding that is referred to as the arms-for-hostages Finding, Admiral Poindexter said that he objected to it because it didn't state it correctly, it was not simply arms for hostages. If I understand you, you believe that the President also did not see it as arms for hostages at the time this was going on; is that correct?

Secretary **SHULTZ**. The President's policy has always been no arms for hostages, no trades for hostages. That has been, is our policy, and I believe I am correct in saying that the President feels he has never deviated from that policy.

Mr. **McCLURE**. And if that Finding conveyed that impression on the face of it, that would not at that time accurately reflect the President's attitude about it?

Secretary **SHULTZ**. Well, that would be my impression. If somebody had gone to the President flat-out and said to him, "Mr. President, we have an opportunity to get our hostages by trading arms and maybe as a side benefit, we might have a little different relationship with Iran, but really the point is, let's see if we can get our hostages out this way," he would have told them to get lost.

Mr. **McCLURE**. Now, there was an earlier, there has been another precedent in which we had the same kind of debate in this country, and that was the Daniloff-Zakharov, I was going to say "exchange," but I know you would not characterize it as such, because you've repeatedly said it was not, and yet the perceptions of a great number of people in this country are just as clearly that that was a trade as the Iranian venture was an arms-for-hostages trade. How do you explain the difference between the two?

Secretary **SHULTZ**. There are some things about that that I would be glad to testify to in a closed session, but I don't intend to discuss it here in this forum.

In that case, we made an effort to structure it carefully, and we had a flow of events that was part—what was really happening here was an effort on our part, which succeeded, to reduce the ability of the Soviet Union to use its UN mission and its mission here for espionage purposes, so we had told them they had to reduce the numbers in their mission in the UN, and we were in the process of having that happen, and of course we are also watching activities of individuals, and in the course of that, having watched Mr. Zakharov for some time, the FBI decided to make that arrest. The Soviet Union arrested Mr. Daniloff. We took certain actions ourselves here in their embassy, naming names in the UN, and the overall interaction of this was such that we reduced—the net of it was we have reduced their numbers in the UN quite considerably. We moved out by name, if my memory is right—well, I don't remember exactly—a fairly substantial number of people and we had a pretty good idea.

Mr. **McCLURE**. Twenty to twenty-five.

Secretary **SHULTZ**. And they retaliated in various ways. And at—in the process of doing that, there was also a negotiation about Zakharov, Daniloff, Orlov, and potentially others. So that is what was taking place. It was a broad effort which basically succeeded; Mr. Daniloff got caught up in it, and for that reason and various other reasons, it seemed to the President, and I certainly subscribe to it, very important that we work at getting him out.

Mr. McClure. Mr. Chairman, I reserve the balance of my time, but I do want to say, so far as I can see, I think the exchange of Zakharov and Daniloff and the other negotiations that went on at that time were as inexplicable to me as the American public seems to have skepticism about arms-for-hostages in Iran, and I've read the record, the transcripts, I've read all of the press conferences that you and the President and Mr. Whitehead and others had, and I guess if those who stubbornly say, well, Iran was arms-for-hostages, this Senator has to say, Daniloff-Zakharov were an exchange.

Thank you, Mr. Chairman.

Secretary Shultz. Well, Senator, I believe that if I had some private—a private meeting with you under conditions of no leaks, I could give you some information that would lead you to think that statement of yours was not correct.

Chairman Hamilton. Senator McClure reserves 10 minutes. The Chair recognizes Mr. Fascell.

Mr. Fascell. Thank you.

Mr. Secretary, it is nice to see you again back in this old, familiar room. Let me start off by expressing my appreciation to you, first of all, for the cooperation with the Foreign Affairs Committee as well as these investigative committees.

I recall that you were a little bit apprehensive at first last year, but then willingly decided you had to bite this bullet, and you did and you came up here and testified, as I recall it, willingly, without subpoena, openly, and told us pretty much about everything that's been told to us today, except now you have had the benefit of going back and looking at your records, reading your notes and listening to all the testimony. But as far as I can tell, it's pretty much consistent and straight and strong, and it's one of the reasons you have enjoyed a good relationship with the Foreign Affairs Committee, although we haven't always agreed with you.

But the fact is, we know you to be a straight, tough man in charge of foreign policy. We like it that way, frankly, and that's the way I think it ought to be.

One of the things that went wrong with this one, the one that we're interested in right now is it got skewed in an effort to get around what appeared to be an obstruction, mainly the Congress, and therefore they had to put a CIA covert operation in the NSC, run by the Director of the NSC. It is that simple.

Then it just got out of hand, because you couldn't run it, Weinberger didn't have anything to say about it, nobody had anything to say about it, just four people in the United States Government, which, as Senator Sarbanes has said, is no way to run a railroad, certainly not a major, modern government.

Now I know you thought the policy was dumb, stupid, and dangerous, and you told the President and anybody that would listen to you.

Just as a matter of curiosity, did you ever put your concerns in writing to the President other than the talking points you carried to the meeting that day?

Secretary **SHULTZ**. The only things written by way of a memoranda are the things that you have, and if you look at my response to the draft NSDD, and the cable traffic and so on, I think most of the reasons that people have adduced in commenting on this, you will find them in there in one way or the other.

I never sat down and wrote a memorandum to the President.

Mr. **FASCELL**. I am happy to hear that, frankly. We all have a tendency around here to write letters that cover our position. You expressed yourself immediately, forthrightly and openly to all this matter as it arose, am I correct?

Secretary **SHULTZ**. That is right. But I want to be clear, Mr. Chairman. I didn't object to an effort to find a different relationship and a different pattern of behavior from Iran. And that is what the President was pointing at and I didn't disagree with that.

I agreed with that. I thought in mid-1985, or wherever that was, that the intelligence upon which the NSC staff's thinking was based was wrong. I didn't agree with that judgment, and they had linked—and one of the problems here I think is that in the—even in the intelligence document that was being used, there was in it the notion that because of this intelligence, we should reconsider our arms policy.

In other words, the intelligence contained that link. And I thought the intelligence was faulty.

Mr. **FASCELL**. Or?

Secretary **SHULTZ**. And so, therefore, the conclusion you drew from it was not warranted. I am not so sure I would have drawn the conclusion anyway, even if I had agreed with the intelligence.

Mr. **FASCELL**. I understand. We have the same problem, at least I do. I am not too excited about accepting right off the top of the printed page what the intelligence assessment is that comes out of any intelligence community.

I need to know what the raw data was and who made the assessment. Then I have a better understanding of what it is somebody is trying to get me to do because they are feeding me the intelligence for the purpose of me acting, and you know, I am like everybody else. I don't like to be manipulated.

And I am sure you don't. I can tell that every time I have talked to you.

I want to get back to something for just a moment. You know, a lot has been made about this nine-point agenda and what not, and I don't think it was too good either, Mr. Secretary.

But, you know, during the testimony of some of the other witnesses here, they just tried to kiss that off, saying, you know, the end was desirable and, therefore, it didn't make any difference what we did. And we would have lied to them, promised them everything, promised them the moon.

It didn't make any difference, you know. All we are trying to do is get the hostages out and open up a second front.

Now, I don't look at it that way, because that means to me they never were going back. As Secretary of State, would you make those kinds of promises in an effort to "open up a second channel" and try to get our hostages out and what you have done is made arrangements that you know you are not going to keep and you expect to go back and deal with the same people again? Does that make any sense to you?

Secretary SHULTZ. You have the same problem that we were discussing more generally in the conduct of foreign affairs. And you need to build a posture of confidence around the world.

So if you do something that breaches that in one place, it ricochets around. The United States is a special country. We all are very proud of our country and in some respects, it is different, and as the most powerful country in the world, there are expectations about us that are a little different, and I think that we have to fundamentally, basically say what we mean and mean what we say and have a consistency and I think we have to display a consistency over time in what we do.

That is one of our problems. We are—people worry about our reliability.

Mr. FASCELL. Mr. Secretary, the other thing I have wanted to compliment you on, I have done this before. I have some small idea of the struggle you have been in internally that has gone beyond the normal kind of infighting that occurs in an administration.

Your ability to run and to do your job and to be loyal to the President has been made immeasurably more difficult because of domestic politics, internal infighting, and a whole bunch of people trying to run your department instead of letting you run it, not the least of which is you trying to get somewhere internally with respect to your budget problems, since the State Department now is one of the smallest departments in the government and operating on a budget at about a 1969 level in real dollars and is really hurting—how you do the job, I don't know. Or how your people do the job.

When you finally——

Secretary SHULTZ. Well, you can remedy that, Mr. Chairman. And I wish you would give some attention to that. You wouldn't wreck the budget if you did it, because we are not talking—we are talking about peanuts in relationship to this trillion dollar budget that you people have.

Mr. FASCELL. As you know, Mr. Secretary, and I threw you that football to give you an opportunity to tell the American people why it is so important to have a State Department and to have the necessary money to run it. But I want to tell you straight out, if we don't get Republican votes to help us pass a foreign aid bill, there isn't going to be any.

Now, that is not your responsibility, so I am not lecturing you.

Secretary SHULTZ. It is part of my responsibility, to work with members of my party. I try to do it.

Mr. FASCELL. Bill Broomfield, my ranking Republican member on Foreign Affairs, and I have worked very hard to get a bipartisan foreign policy effort to support you and worked very hard to get the necessary authorization to make your efforts worthwhile.

We are going to keep doing that. We need a lot of help.

Secretary SHULTZ. Thank you.

Mr. FASCELL. Let me ask you this. When you finally thought you had control over the foreign policy mechanism, after all this infighting and what-not, and your chief spokesman at that time was Elliott Abrams—still is, for Central—Latin American policy, et cetera—and you instructed him, said you go find out what happened, how are these Contras getting the arms. Curiosity. Did you ever get a report back?

Secretary SHULTZ. The report came back to me in the same way basically as it did to you. Questions were asked in the Congress about Colonel North's activities, as I said this morning, just as I asked Elliott to find out what is—where is this coming from.

And while we didn't find out in an affirmative way, we did satisfy ourselves, as you did, basically relying upon the word of Mr. McFarlane in one instance and Admiral Poindexter in another.

There were records. You went through the same process. We both concluded everything was fine.

Mr. FASCELL. Mr. Secretary, so both the Department of State, the Secretary of State, and the Congress were out of the loop from the standpoint of getting information that was accurate.

Secretary SHULTZ. I believe the President was also out of the loop.

Mr. FASCELL. So do I.

Secretary SHULTZ. That is one of the points here we have to reflect on.

Mr. FASCELL. Now, when you found out about the back-channel operation by Ambassador Kelly operating with Colonel North, that was a disaster. It just—I was thunderstruck. I am sure you were.

You recalled him. You brought him back here as it totally destroys the whole system of operation for the Department of State.

Did you want to fire him? Did you want to get rid of him?

Secretary SHULTZ. Well, I wanted him to know that I didn't appreciate what he had done, the fact that he had been briefed by Mr. McFarlane and by somebody—I forget who in the White House about this operation, and was told that I was opposed to it, but he didn't have to talk to me about it because they would talk to me about it, and he accepted that, and then took directions from them. I didn't appreciate that at all. And he knows that.

But he is basically a very good man and I hope he's learned his lesson.

Mr. FASCELL. Well, the truth is, Mr. Secretary——

Secretary SHULTZ. As a matter of fact, let me point out to you—and this happens all too frequently—I called him on the telephone the other morning to give him my reassurance, because for most of the night, the Ambassadorial residence has been under fire in Beirut. We think probably the fire was aimed at the Presidential palace, which we are nearby, but at any rate, Ambassador Kelly was under fire and we spent half the night struggling to get that stopped, and we did, but life in the Foreign Service, particularly in a place like Beirut, is not the most pleasant nor is it the safest in the world. And so I think that with all of the problems that we have talked about with respect to Ambassador Kelly, we also have to say he's out there. He is literally on the front line, and he's doing a good job.

Mr. FASCELL. He is on the front lines, Mr. Secretary. And I certainly do not demean his service in any way. I simply am making the obvious point that the Secretary of State doesn't have control over Ambassadors the way he wants to. He's got a problem. It's called politics, and that's in the best sense, not the worst sense, and the White House. You cannot move the pegs around at your will because you have the Congress to deal with, that all-powerful U.S. Senate, and then you've got the White House to deal with, and then you've got domestic politics to worry about.

So if you really wanted to move your pegs around, you'd have a big problem anyway. That's the only point. I'm sure you agree with that?

Secretary SHULTZ. You and I are both old enough to remember Jimmy Durante. Remember what he used to say? It's the way I feel as Secretary of State: "Everybody wants to get into the act."

That's the way it is.

Mr. FASCELL. Mr. Secretary, you've been criticized by some because you were so vocal in your opposition of this plan that you thought was not only dangerous but stupid and whatnot, and you were criticized because you didn't have an alternative which you offered which could give any relief.

Now, as a matter of fact, we were following—the United States was and is following a very strong policy with respect to our effort dealing with the hostages. Would you want to tell the American people that there is an alternative and it is different from the one that was presented at these hearings?

Secretary SHULTZ. Well, there are alternatives. Of course, we work on the hostage problem constantly. We have a unit in the Department of State that is in touch with the hostage families constantly to pass them information, hear any information they have, give them reassurance, telephone number that will answer at any time.

We are in touch with intelligence services with other countries, and we have our own trying to find out where the hostages are and to persuade, try to see if there is any way that we can reach those who are holding them. We are ready to talk with anybody about the subject, but, of course, we have our policies. We are not going to pay ransom or do other things that are against our policy.

Now, we know, for example, that those holding the hostages have said in various ways, such as when they released Father Jenco, at least I thought, and it seemed at the time he was released so that he could give a message. Namely, that if you don't get the Dawa prisoners out, the hostages are going to get killed. So we know what they are after.

Now, to think it is a great idea and shows the innovative capacities of the NSC staff to think of the notion that you could trade the Dawa prisoners for the hostages, I mean that's nutty. That kind of great idea I'd like to be saved from.

So we work at it. It is hard. It is frustrating because we basically haven't got very far, and I might say we have quite a bit of company. There are eight countries that have hostages being held we believe in and around Beirut. There are nine Americans there now. I think there are 24 all together from the 8 countries, and it is very frustrating.

I believe people should stay away from Beirut. I think it is like a place that has the plague, and we have tried and tried and tried to get Americans to realize that. And the most recent person, Mr.

Glass, that was taken went there against that stricture. That doesn't mean we are any less interested in helping him. We will work at that as with anybody else.

Now, part of the policy of trying to work to get hostages out has to be making it plain that you will not pay ransom, bribes, or whatever for them. The minute you do that, what you do is expose the vast number of Americans who are traveling around to a greater risk because those who take hostages see that it pays.

And, furthermore, those that are holding the existing hostages feel that the price of what they've got has just gone up some.

So I think we have to work at it. I think it is much better if we work at it quietly. Doesn't do any good for the hostages to have a lot of publicity.

Mr. FASCELL. Mr. Secretary, let me interrupt you.

From an Iranian point of view, it seemed like this was a pretty good operation. You get some arms and you give up some hostages, and you go out and take some more hostages, pretty soon you get more arms.

The French found that out. They released some hostages; they went out, they got some more hostages, but in the meantime they got some mirages. That sounds like a pretty neat idea to me, if you are an Iranian.

Where we wound up was at the same level that we entered in terms of our hostages. And that is the danger you just pointed out, that this thing cuts two ways and the other people who are your "adversaries"—and I put that in quotes—you have to give them credit for having some brains. They are not all raving lunatics.

Secretary SHULTZ. That is why I feel very confident in what I said a little bit earlier, that if the proposition presented to the President had been we can get the hostages out by a trade and as an incidental part it is conceivable that we'd have a dialog with Iran which might be worthwhile, and he would not have taken that proposition, because he fully understands, and has always, exactly these points that have been made, and that is the basis for the policy that he has set and continues to have.

Mr. FASCELL. Mr. Secretary, it was stated during the course of these hearings that this policy could be justified for many reasons, talking about this whole Iran bit. One of them was very important. It was that during this period of time—'85–'86—that it was a good policy because Iran stood down on terrorism.

Now do you agree with that assessment?

Secretary SHULTZ. No.

Mr. FASCELL. You want to tell us why?

Secretary SHULTZ. First of all, because they didn't stand down on terrorism. There is some evidence that the action against Americans was diminished somewhat, although it didn't stop.

And I think we should note that some hostages were taken and, of course, no one knows exactly who, but I think we have to remember that the Iranians are masters of the plausible deniability theory in all of this and their influence is there. But there was some evidence of some slowdown in efforts against Americans.

Now, I mention that because I believe that while, of course, we always are happy if our citizens are less of a target, we can't afford to look at it that way in this day and age. We have to recognize this is an international problem, and we have to work at it together, and it is not good to help me at the expense of you, and we have made great efforts with other countries where sometimes there has been a tendency with some terrorist group to say, look, we'll make a deal with you, you can have safe haven here but leave us alone.

We just don't make deals like that. No safe haven for terrorists. We have to look at it on an international basis, and in looking at it on an international basis I don't think that you can see Iran forgoing terrorism.

For example, I don't know just when—I forget just when the date was, but during this period a large poundage of plastic explosives was found on Iranian pilgrims on their way to Mecca for the Haj. That is directed not against us, against somebody else, and that is terrorism. And I could give other examples, some against us and some against others.

So I don't believe that Iran did or does renounce its policy of the use of terrorism.

Mr. FASCELL. Mr. Secretary, during the period of time we are talking about—I have a very short list here and I would be happy to have the State Department counterterrorism office supply the full list for the record—but June 14, 1985, was the TWA flight hijacking; July 1st, 1985, the Madrid bombing; July 22, was the Copenhagen bombing; November 24 was the car bomb explosion in Frankfurt, wounding 32 people, mostly U.S. military; December of '85, bombing in France, Paris; and so forth and so forth.

I think it would be useful to put in the record simply to make the point that just because we were dealing with Iran on a matter of considerable importance, it didn't stop their activities really, and it is an unfair assessment to leave in the record.

So I would appreciate it if you would supply that.

Secretary SHULTZ. We can give that to you. We have lists like that.

As I said, it is not possible to connect things precisely, but at least our intelligence suggests that there are connections in enough cases to convince us that Iran continues to use this tatic.

Mr. FASCELL. We know it is a serious and important matter. It is very serious, Mr. Secretary. As you know, the Foreign Affairs Committees of the Congress have worked with you in providing the necessary legislation to the President to support every one of the Executive initiatives, in supplying the authority and the money.

We have also worked with you very diligently to provide and support the international effort which was being responded to by many of our allies.

And I know that from firsthand experience because I personally went to New York, met with many of the Ambassadors of our allies whom you were contacting, as well as the representatives of those countries here in Washington.

We had a good program going. It was tough but slow, and we want to do more.

Secretary SHULTZ. Mr. Chairman, we still have a good program going.

Mr. FASCELL. OK.

Secretary SHULTZ. Let me just say, as one aspect of it, over the last couple of years, as a result of this—this is just the intelligence and intelligence-sharing work with other countries in trying to keep track of what is going on—we have averted about 180 terrorist incidents that would probably have taken place, but because of the work being done they didn't take place. So that is prevention.

And, of course, I think that the President's actions against Libya punctured Qadhafi's balloon, and that has helped. There are a lot of things that have been done.

At the Venice summit here just a month or so ago, again we had a strong statement on this, and we see the rule of law—which is something you have emphasized—the rule of law starting to exert itself more and more.

As we say to the terrorists, you are not going to have any place to hide, it is going to be the use of extradition, countries will get you, they will try you, and we are making progress.

Chairman HAMILTON. Mr. Fascell, excuse me for interrupting. I am informed that a vote is taking place in the Senate. That is the reason for the Senators leaving the chamber.

Mr. FASCELL. Mr. Chairman, in that case, maybe this is a good place to stop. I can reserve the balance of my time.

Chairman HAMILTON. The Chair would like to go until about 6:00 p.m. if possible, Mr. Fascell. Is that all right with you, Mr. Secretary, to go until 6:00?

Secretary SHULTZ. I will make a deal with you, Mr. Chairman.

Mr. FASCELL. I will take 2 minutes now, or you can leave and I will wait 2 minutes.

Secretary SHULTZ. I will stay here all night as long as we can finish at a reasonable time Friday, and I don't have to come back Monday. I would like to have a nice weekend in the country. If I have to come back Monday, I will have to stay and study.

Chairman HAMILTON. We are not planning on bringing you back on Monday. You deserve a long weekend, Mr. Secretary.

Mr. Fascell, why don't you go for a few minutes longer. Then we'll go to Mr. Broomfield until six or so.

Mr. FASCELL. Mr. Secretary, this whole mess must have drastically affected our capability both in terms of foreign policy and counterterrorism specifically.

Secretary SHULTZ. No, it hasn't.

Mr. FASCELL. Well, good. Tell me how come.

Secretary SHULTZ. Because—and here I think it is so important to register on what the President did, and I don't think this has gotten the notice or attention it deserves. The President decided right early on that we had to do two things, and he drummed this into me. I agree with it wholeheartedly. One is, get the facts out, and the volume of stuff that has inundated this committee and the other investigating agencies is unprecedented, and it has been given willingly at the President's direction.

And the second thing that he said was make this stuff available and cooperate and so forth, but you have got a lot of work to do, George, so get at it. And we kept going, and we have gone to people, and we have talked about our policies, and the saving grace here is that our policies are sound, and people continue to support the policies and work with us, for example, on terrorism. Why? Because it is in their interests to do so, because the policy is a good policy.

Mr. **Fascell**. Let me interrupt.

Secretary **Shultz**. And the same with other things. People realize around the world that a strong United States is of critical importance to everybody in the free world. They are not anxious to see us beat ourselves to death. They want to see us go ahead, investigate, do whatever, but let's get back on the track as fast as we can. That is the way the world looks at it.

Mr. **Fascell**. I agree. But, Mr. Secretary, the problem, as I see it, and it may not affect other people, is the constant shift in policy or apparent shift in policy. We lose 243 men in Lebanon, so we don't blow anybody out of the water. Somebody attacks a hot dog stand, or whatever it was, in Germany, and we bomb Libya. Iran is on the hall of infamy list and has been for a long time as the seat of terrorism, and we don't do anything to them. We wind up selling arms to them.

You know, if I am on the outside and I am your friend, it is going to confuse me. I am on the inside, I am your friend, and I am confused.

Secretary **Shultz**. Well, we could go around the world in terms of our foreign policy, and I think it is a strong positive one administered with consistency, although we have our problems from time to time, and this Iran business that we are talking about is one of them. And the difficulties we sometimes have in following through is one of them. And I would have to say, Mr. Chairman, that the Congress contributes, because you don't always follow through with us and you short us. So that is part of the problem, too.

That is why it is so important to learn everything we can out of this about not only our separate tasks, but much more how we go about sharing power more effectively in the interests of a positive government policy. Sharing power is much more difficult than just exercising it all by yourself.

Mr. **Fascell**. I agree with that thoroughly. I certainly concur in the conclusion that we need to work together. So we will leave it at that and hope.

Mr. Chairman, I will reserve the balance of my time for further efforts at philosophical discourse.

Chairman **Hamilton**. Mr. Fascell reserves 30 minutes.

The Chair recognizes Mr. Broomfield until about 6:00 o'clock. Mr. Broomfield?

Mr. **Broomfield**. Thank you, Mr. Chairman.

Mr. Secretary, I want to compliment you on your appearance here today. I have known you for a long time, but I have never heard you any better. You have been extremely candid, and I have really truthfully been very impressed by the way you responded to some very difficult questions.

I want to make a couple observations about this committee, because we have been at it a long time and hopefully we are getting toward the end. Actually, I think you appeared before the House Foreign Affairs Committee last December. This committee, of course, got organized sometime in January.

The reason I am bringing this up is I have been very upset over how long this committee has been in operation and how many witnesses and so forth. This has been a very important investigation.

But what was the most important question facing the American people and Congress? I will tell you what it was.

What did the President know? Did he know anything about the diversion? That was the important question.

The reason I mention it is that Admiral Poindexter took a deposition in May, I understand it was May the 2d, and it was brought up then and those were the key statements, that the President didn't have any knowledge of diversion of funds for the Contras, and we in Congress, as well as the American people, have been held hostage all of that time waiting until just a few days ago to hear from Admiral Poindexter to verify the very thing he gave in the deposition and I just think it is regrettable, something that important, I understand you even went to Venice with the President, to the economic summit, with this kind of cloud hanging over the administration.

I think——

Secretary SHULTZ. I have to insert there that the President did a very good job in Venice and the meeting went off extremely well, and, as a matter of fact, I think we are all interested to see this most recent UN vote and the efforts made at Venice with our friends there helped a great deal.

So it is a problem, but the President seemed to have managed.

Mr. BROOMFIELD. I am sure of that. But my point was that that portion of Admiral Poindexter's testimony, deposition, could have been released to the American people, and it would have changed a great deal. Because all you had to do was be here in this committee room and listen to Admiral Poindexter when those words came up, the press started leaving, you could almost feel the relief right in this committee, because the key question had been answered.

And, again, I say that I think it is regrettable that these hearings have had to go on as long as they have, and I think what you are doing today is extremely important and I think what Colonel North did was extremely important.

I think probably North did a better job—now, wait a minute, Dante—of explaining our Central American policy. I really believe if we had a vote today probably we could get additional money.

I don't know whether it will be that way in 2 or 3 months, but I really believe he did a very, very effective job. And I might say this, that I have been very disturbed—at the beginning of these hearings that letters were coming in that we were treating witnesses as if they were criminals.

Boy, I don't think they are criminals. I think whether you talk about Poindexter or North, anyway, those two men, were men that were trying to do the right job, but they did—wrong policy.

I think what happened as far as selling arms to Iran and the so-called diversion was absolutely wrong, and it was a flawed policy, and I guess that you have said that many times today, that you agree with that, it was a flawed policy of selling arms to Iran and diverting that money to the Contras.

I think there has been two separate and distinct foreign policy decisions made—the decision to sell arms to Iran based on that flawed policy but conducted pursuant to a Presidential Finding, the decision to divert profits from a sale to the Contras, I think probably there was a little merit to it, but conducted to the exclusion of the President, the President had no idea about it.

I believe, too, if the procedures had been followed, foreign policy disasters might have been avoided. I think we have got to do more to consult and pursue a bipartisan consensus on foreign policy.

I want to say, Mr. Secretary, I was looking over, you have served now for 5 years as Secretary of State and that is pretty distinguished company.

There is just two others in the 20th Century that have served as long, and that was John Foster Dulles and Dean Rusk, and I happen to reflect back, Dante Fascell and I both were here when John Foster Dulles was here, and Dean Rusk, and yourself.

I thought it was a very interesting thing you are in that category, and I think one of the great Secretaries of State.

I would like to ask you a basic question.

Are you back in charge now? Do you really feel now after all we have gone through?

Secretary SHULTZ. I would like to say yes, but you know it is a fight all the way all the time and that is life in Washington. Just to take an example.

I think economic, international economic developments are a very important part of foreign affairs. You people have—are in the process of putting together a so-called antitrade bill or trade bill that will have a big impact on us. I wish I were in charge, and I wish I could persuade you not to do what you seem to be determined to do.

I think it will be very bad for us. That is a sense in which I am not in charge. I am not in charge of the trade negotiations.

I am not saying I should be. But I am just pointing out that the operational aspect of foreign affairs of the United States is a great, big ongoing thing, and I am trying my best to orchestrate it, manage it and have knowledge of and some impact on all the different things that are going on so I can look at it from the standpoint of our relationship with a country or a region of the world and have people have at least a center of reference on that.

That is my job.

Mr. BROOMFIELD. I would like to ask you a few questions regarding our Central American policy. I think it is an area that we still need to ask a few questions.

Mr. Secretary, we have to spend billions of dollars overseas in far-off lands to advance freedom and to protect the United States' national security interests. Why do you believe we are unable to maintain a bipartisan policy that advances freedom and protects U.S. interests in our own backyard in Central America?

What do you think is behind that? Why couldn't we get bipartisan support for that?

Secretary SHULTZ. Well, I dare to think we are getting there. When I came here we struggled to get funds for El Salvador, and you know how many acrimonious sessions we had right here in this room over that.

When I came here, you weren't allowed to pronounce the word Guatemala, let alone ask for any involvement. Now we have a strong relationship, and as I said earlier, we have four civilian-elected presidents, we have much more attention to the rule of law, along with democratic processes.

We have had a bipartisan commission that Henry Kissinger chaired, a genuine bipartisan commission and it wasn't sort of House Democrats along with the Republicans. It was very real. And people accepted that.

And I thought it was very important, it has been unnoticed, that with all of the budget problems that we have, and their fears, that in the supplemental that was voted here recently an additional $300 million for basically the Central American democracies was there, and, of course, the money as such, additional money was controversial, but the fact that we would give that much money to support our objectives in Central America was not controversial at all.

It had broad bipartisan support. And we have also seen a much broader and common understanding of the problem that Nicaragua constitutes for those four countries and for us. And I am not trying to say that we have reached the kind of agreement on support for the Freedom Fighters in Nicaragua that we have for the four countries, but I think we have reached a rather common analysis of what that country is about.

And last year both houses of Congress voted affirmatively by narrow majorities, but they voted affirmatively, for a reinstitution on a stronger basis than we have ever done it before to support the Freedom Fighters in Nicaragua, and I just hope and pray we will be able to follow through on that, and in a subsequent vote.

But my point is to say that it is possible out of this peculiar process we have of arguing back and forth and hearings and your going down and observing elections and so on, in this case it has worked, and we have a general support for this line of policy, not perfect, but it is very, very different than it was when the President addressed a joint session of Congress back I think in 1983 and laid out basically the program that he has been following since that time.

So I am not one who says despair, there is no bipartisanship, I think there is. Take the subject of our present situation with arms control, the dual track decision and so on. That was a decision made in the Carter administration, it was implemented in the Reagan administration with a lot of interaction, and we have a negotiation going on, and while there are arguments about it, each body has an observer group, you do, the Senate does, and I would have to say I was a little skeptical about these bodies when they were concocted, but Max Kampelman, the Chief of our delegation, will tell you, as he has told me, that it has turned out to be extremely helpful, and the members come to Geneva, and they are thoughtful, and they find out what is going on, and they—the Soviets talk to them, and they find out that America is America. And so let's not give up on a bipartisan foreign policy. I don't think we are so far away from it as sometimes the arguments we have suggest.

Mr. **Broomfield**. Maybe it wouldn't hurt to have the members reread that speech the President gave back on April 27, 1983. Maybe it will do some good.

Secretary **Shultz**. Maybe. Or read the bipartisan report, which basically—I mean, how did that come into being? That was a suggestion of the late Senator Henry Jackson, one of our great——

Mr. **Broomfield**. You bet he was.

Secretary **Shultz**. —people, and that is how that got started. He was a Democrat.

Mr. **Broomfield**. Mr. Secretary, no one can condone lying or deceiving Congress, but in the strategic sense of the word, as a nation have we benefited from Colonel North and Admiral Poindexter's efforts to keep the Contras alive and fighting against the Sandinista Government in Nicaragua and bridging the gap, that theory? How important was that?

Secretary **Shultz**. Well, I think it is important to keep the Freedom Fighters alive. My feeling has always been they are a very legitimate group, and the amount of money they had to get along on, after all if you think of—I gather it is something like $1 million a month, and you are talking about 10,000 people, do that arithmetic, and you see that it is not going to go very far. So their staying power is a measure of their legitimacy you might say.

But I think that the efforts made, I testified earlier about this incident where I complimented Colonel North. As I understood it, he had extended himself personally to try to buck up the leaders and keep them going, and I think that was a service. But I don't—I don't think that desirable ends justify means of lying, deceiving, of doing things that are outside of our constitutional processes. That is not in the picture as far as I am concerned.

Mr. **Broomfield**. Well, I certainly agree with you. I am curious, though: How essential was that aid at that particular time?

Secretary **Shultz**. Well, no one can say about it. I think, as I have said, I think that the Freedom Fighters have more to them than perhaps they are given credit for in some circles. But obviously they needed to have help, and so they survived. I can't really answer your question in any definitive way.

One of the pathetic things, as you see, as I have been reading about this so-called money trail, out of this big diversion of funds and so on, how much did they actually get, the Freedom Fighters? They got practically nothing out of it.

Mr. **Broomfield**. Well, not only that, but this investigation itself, if you take all the costs involved, both as far as the independent counsel and this committee, will probably exceed $10 million. Incredible. Anyway, Assistant Secretary Abrams testified to the effect that Congress forced the adminstration into engaging in tin-cup diplomacy. I remember that very well. Would you agree that tin-cup diplomacy is a demeaning position for great powers like the United States?

Secretary **Shultz**. Well, it is a good vivid phrase, and Elliott is good at that. It is not the way a great power should proceed, and as I spoke about my views in 1984 about the process of solicitation, it seems to me that we don't want to depend on another country to do something if we feel it is in our vital interest. We need to do that ourselves, not become dependent.

On the other hand, under the circumstances that existed a couple of years subsequently, when the Congress had expressed a different attitude, and there it was in statutes, it seemed to me that we should take a different view. And, of course, working with other countries is part of what we do to advance our security and our prosperity and our values. So we don't operate all by ourselves, that is what our alliances are about.

We will do this, and you will do that, and we will both achieve something that we both desire. So I think it is not a simple question.

Mr. BROOMFIELD. As you know, Congress appropriated $100 million to support the Freedom Fighters in Nicaragua, and Congress, as you know also will be asked to provide additional support for the Contras later this year. These funds will largely be spent by agencies other than the Department of State. As Secretary of State, do you feel that you have sufficient control over the way this program is administered to avoid costly future mistakes?

Secretary SHULTZ. Well, I hope that they will be avoided not just because of the Department of State but the President's direction and people who are expending them. The Congress in appropriating that money placed a special responsibility on the Secretary of State to pay more attention to what, in effect, another agency is doing than you would normally expect and so we have been working hard to exercise that responsibility in an effective and collaborative way with our fellow departments.

It is a hard thing to do, but I think it is working out, and whether you want to continue that or not I don't know. But at any rate we have a reasonable system in place that Elliott Abrams has contributed a great deal to.

Mr. BROOMFIELD. Are you an advocate of the Reagan doctrine and will you explain the importance of supporting those who wish to struggle for their freedom throughout the world?

Secretary SHULTZ. Yes. You wanted more of an answer? I am beginning to get tired, I guess.

Mr. BROOMFIELD. I thought I would give you an opportunity to——

Secretary SHULTZ. Let me say this: Advancing our values is one of the essential ingredients of our foreign policy. The value of freedom, of democracy, of the rule of law, as that spreads, that is good as I see it, not just because it provides other people a chance to live under conditions that are more decent, but it also makes the world more secure from our standpoint, so we have a major interest in it.

And I think one of the most interesting and beneficial things that has happened in the last few years is the spread of exactly this idea. And President Reagan has advocated it and worked at it.

His speech to the Parliament in London back in 1982, I think it was, set it out very clearly, and we work at it in various ways, of course.

For the most part, the sweep toward freedom and democracy that's taking place, and we don't take all the credit for it, don't misunderstand me, it is—basically the credit belongs to the attraction of the idea of freedom. But it has taken place mostly on a peaceful, evolutionary basis, sometimes with considerable trauma and sometimes with a lot of support from us, and I would say with some real bipartisan and executive-legislative collaboration.

I think the readiness of Members to go, for instance, to El Salvador when they were having those votes and observe was a major contribution. I think in the Philippines, as we worked at that together, there were quite a number of Members who went to the Philippines and who were very effective in observing and then reporting back, and all of that gave to the world and people in the Philippines a sense that there was an American policy in support of what was taking place. Just as I think in Korea right now there is at least a good chance, and we have all been working at this and it's difficult to do, and it's basically the Korean problem, not for us, we can't do it, they have to do it, but if they can put a political miracle alongside that economic miracle, it will be sensational. So that's one way we work at it.

Another way we work at it is to support people who are ready to fight for freedom and independence in their country. And I'm much in favor of that. Of course, you have to pick your spots carefully. I think there's room also in this policy, if you find a country which has been way over here in the Soviet direction but which seems to be seeing things in a little different way, if you can bring them over, that's good. I don't think we need to have the same formula everywhere, and I'm sure you understand the different layouts.

I've studied somewhat the transitions to democracy that we have seen in the last 20–25 years; it's fascinating. You go back to Greece, Turkey, Portugal, Spain, Latin America——

Mr. **Broomfield**. Central America.

Secretary **Shultz**. —Central America, and each case is unique. And you've got to study each one, and yet there is this thread. But I think it is one of the things that has been happening that is a very powerful trend, and it's one of the reasons why I said earlier that we have a great deal to be proud of about what's happening in the foreign policy area. And, in many respects, we could say if we can just get this out of our system and go on, we can find we can be on a roll here.

Mr. **Broomfield**. Mr. Secretary, I want to ask you about Elliott Abrams and I think you have already answered this, but he has acknowledged that he has made mistakes in misleading Congress, about some of his statements about on lawful solicitation of funds from a foreign country. Do you believe he has learned from his indiscretion?

Secretary **Shultz**. Yes, I do. He made a mistake. He knows it. And he is full of remorse about it.

I think he is a very able, energetic, fine person with a real instinct for public service. And the country needs people like that. And he has a rebuilding job to do as a result of this thing that took place, and he knows it. And my effort is to support him, because he is good, really good, and to try to help him rebuild the kind of trust that you have to have.

And I wish everybody would take part on that. Because this is a guy who tells you he made a mistake, tells you he is sorry, tells you he understands why he did it, and that—and that he doesn't intend to do that again. So he deserves help in my opinion, and he is a big contributor to what we're trying to do.

Mr. **Broomfield**. Mr. Secretary, I want to switch to the effects of these hearings and ask you two or three questions. These hearings have revealed, sometimes in great detail, the foreign policymaking process of the United States as well as certain intelligence operations. Do you feel that this disclosure of the foreign policy process, particularly the flawed process that was followed here, will lead to adverse reactions and mistrust of the U.S. foreign policymaking by foreign governments and the public overseas?

Secretary SHULTZ. I think it's important for people to see that there's a lot more to American foreign policy than this Iran arms-hostages, fund diversion, and so on problem that we have been discussing here. It's basically very good and very positive, and the President has given it strong leadership, and we have worked effectively with the Congress.

I mentioned the Philippines here. So we should realize that and others should realize that.

Now, obviously the world follows us avidly and, as I said earlier, the rest of the world understands, perhaps even our adversaries understand, a strong United States is a good thing, and they want us to be that way. So they want us to get it over with and conclude whatever we conclude.

I do think there is a problem with public emergence of things that were secret, and it's particularly a problem when something that involves another country is involved, because other countries conclude that they cannot do business with us. If they say any time I give to the United States a piece of information that I regard as secret, it's liable to be public, they'll cease giving it to us. There has to be a capacity to keep a secret, and that's a problem that I listed in response to Senator Inouye's provocative question, good question, a number of things, I should have had that on my list—we've got to learn again how to keep a secret legitimately. And we have lost that.

I'm not looking at Congress about this. The leaks that come out of the executive branch are breathtaking. They also come out of the Congress, and it is a problem that we have here in this town and we have got to figure out a way to do something about it, and for my money, it isn't polygraphing everybody.

Mr. BROOMFIELD. What effect has this investigation had on your ability to pursue U.S. interests with the countries—you've got that list 1 to 10. I would also add: How about the other 150 you have to deal with? Pretty much the same as what you said.

Secretary SHULTZ. Yes. We are doing all right. We have had a—just to take my recent travels, as I had a number of meetings back to back in different parts of the world. The meetings in Venice were very productive and worthwhile, and the President, as always, has to be looked to to give leadership.

There were good discussions. The Foreign Ministers meeting in Reykjavik that followed that was the best Foreign Ministers meeting I've ever attended in the sense of its productivity.

In the arms control field, in particular, both in terms of the INF problem and conventional arms, we made a lot of progress.

Then the Asian meetings that I had were also excellent. Of course, everybody is terribly concerned about protection in the United States and it's a matter of great attention everywhere.

And then we went on to Australia and had good meetings there. It was interesting there that they had an election campaign going on. My meetings were scheduled long before that was scheduled, but they wanted us to go ahead with the meetings. And I met, of course, with the government and with the opposition and both the government and the opposition wanted to make it clear publicly that they were happy to see the United States around. So that was a little refreshing.

Mr. BROOMFIELD. Mr. Secretary, I want to comment about your colloquy with Chairman Fascell about the Congress being tough on the State Department and foreign aid—there were a number of issues. There is no question about that.

But regarding the foreign aid bill, we are having our problems, both Mr. Fascell and I, trying to work out some kind of a compromise. I just want to say I know what my priorities are for foreign aid that meet our security commitments, treaty commitments to our friends and allies; promote democracy and stability throughout the world; and create the economic opportunities abroad for the United States and our friends.

I would like to ask you what your priorities are.

Secretary SHULTZ. Well, that's a good list. Now, let's put our money where our mouth is. We are not doing it. That's the problem. We are not doing it.

I am going to testify—I think next week is it, Mr. Chairman?—before you on this subject. Incidentally, if we recognize that these funds we are talking about are funds that we are expending on behalf of the security of the United States, the prosperity of the United States, the values of the United States, the effort against terrorism with which we are concerned, the effort against drugs with which we are concerned, we say that's what this money is, then I think the words "foreign aid" don't apply. Foreign aid implies—seems to imply that this is some money we have lying around and we can pass it over to some other people. That's not what this money is for. This money is for the interests of the United States and when we don't use those resources, we suffer.

You know, the Soviet Union—I am not trying to justify our policies by comparison with them, but their economy is about 45 percent of ours, and they outspend us in this field by two to one. They outspend us in Central America and the Caribbean—of course, the biggest is Cuba—in economic assistance, things that go mainly to Cuba on the order of six, seven, eight to one. And the same with military assistance.

So we have to look at these things in our interests. And we are not doing it.

Mr. BROOMFIELD. Well, I would like to say we just have to have a better selling job. I think that responsibility——

Secretary SHULTZ. Well, I am trying.

Mr. BROOMFIELD. I understand that. Pardon? I'll be glad to yield to my friend.

I really believe that. I think this is part of the problem. In other words, we have got to have better consultation and effort on the part not only of the State Department, but on Congress; and when you have a tight budget like we have right now, and you have a foreign aid bill comes up, you know where they are going to cut. They are not going to cut social security or any programs affecting the aged.

Secretary **Shultz**. Why don't we call it a U.S. aid bill? It's all for our interests.

Mr. **Broomfield**. Well, I won't disagree with you. Both Fascell and I have been on the committee for more than 25 years. I think we really understand it.

Mr. **Aspin**. Mr. Secretary, you know, if you keep on like this, Cap Weinberger is going to want equal time.

Secretary **Shultz**. You ask him when he testifies, Cap Weinberger and I agree absolutely on the importance of this money, on the importance of the kind of support needed, for instance, for our base rights countries, and so on. There is no difference of opinion whatever.

Mr. **Broomfield**. Mr. Chairman, I want to reserve the balance of my time, but again I want to compliment you. I've never heard you any better. You've really answered the questions very forthrightly. It's been a very important hearing as far as I am concerned.

Chairman **Hamilton**. The gentleman reserves 25 minutes.

We will meet at 9:00 tomorrow morning.

I ask unanimous consent to correct the record to show that Mr. McFarlane stated that the Boland Amendment did apply to the National Security Council in the remarks I made at the end of Admiral Poindexter's testimony.

Without objection, so ordered.

We will recess until 9:00 tomorrow morning.

[Whereupon, at 6:05 p.m., the Select Committees recessed, to reconvene at 9:00 a.m., Friday, July 24, 1987.]

JOINT HEARINGS ON THE IRAN-CONTRA INVESTIGATION

Continued Testimony of George P. Shultz

FRIDAY, JULY 24, 1987

House Select Committee To Investigate
Covert Arms Transactions With Iran
and
Senate Select Committee on Secret Military
Assistance to Iran and the Nicaraguan Opposition,
Washington, DC.

The Select Committees met, pursuant to call, at 9:00 a.m., in room 2172, Rayburn House Office Building, Hon. Lee H. Hamilton (chairman of the House Select Committee) and Hon. Daniel K. Inouye (chairman of the Senate Select Committee) presiding.

Chairman Hamilton. The joint hearings will come to order.

The Chair would like to announce that he has pending a large number of requests for time. We would like very much to be able to complete the testimony of the Secretary of State today, so I want to urge Members to yield back time if they possibly can and to be careful in observing the time limits that are set.

The Chair would appreciate that very much and indeed it is necessary if we are going to complete the work of the committee.

Senator Rudman?

Mr. Rudman. Mr. Chairman, I am pleased to yield back the balance of my time. I think that most of the questions that I want to ask have been asked either by myself or others.

Chairman Hamilton. Thank you very much.

The Senator yields back 15 minutes.

The Chair recognizes the gentleman from Michigan, Mr. Broomfield, to continue questioning.

CONTINUED TESTIMONY OF GEORGE P. SHULTZ, FROM JULY 23

Mr. Broomfield. Thank you, Mr. Chairman.

Mr. Secretary, yesterday during our discussion, I failed to include one other Secretary of State within that group of three that had served the longest in the 20th century.

Believe it or not, when I got back to the office, there were a number of people throughout the country that wanted to make sure that I understood that Cordell Hull had served between 1933 and 1944 and they wanted him included.

One man even went so far as to say, "If you don't, I will sue you."

Secretary SHULTZ. I am glad you mentioned Cordell Hull, because one of the really great things he did was to start us on the road toward more open trade, and the people—he was obviously not there after the end of World War II, but he started the reciprocal trade agreements idea, and the foundations that were laid at the end of World War II in economic matters and in security matters have stood us in good stead ever since. And people should reflect on how much we have prospered as a result of that regime.

Mr. BROOMFIELD. Mr. Secretary, in view of your testimony yesterday and the conflict that has gone on in recent years between you and the rest of the administration, do you feel you can continue to do an effective job as Secretary of State in the remaining year and a half of President Reagan's term?

Secretary SHULTZ. Well, first of all, I think the premise of the question is not correct. We have focused here in this discussion on an area where there was a lot of dispute, but by and large the President's foreign policy has gone forward with widespread support, I think widespread support in the Congress as well as within the administration.

It has been a very strong, coherent set of policies, and of course we debate about them. I think it would be alarming if there were never any debate within an administration about important matters. But they have gotten resolved and great headway has been made.

Mr. BROOMFIELD. Mr. Secretary, the Iran program was reborn actually in early to mid-January of 1986 after apparently winding down in December of 1985 after Bud McFarlane's unsuccessful trip to London to meet Ghorbanifar.

You have testified, I believe, that you saw the President personally on this matter during January of 1986 in order to register your objection.

You even, I believe, offered to resign at that time.

Are you confident that you went far enough in attempting to persuade the President not to pursue this unwise program that was being promoted by the NSC staff and I am wondering should you have threatened to resign more forcefully at that time?

Secretary SHULTZ. I don't think that the President was in any doubt about my views, nor was he in any doubt about Secretary Weinberger's views. So they were presented to him forcefully, fully. So I don't know whether—I don't think there are any more arguments I could have thought up. You said that I threatened to resign in January 1986.

I didn't threaten to resign—I don't believe in threatening to resign. You resign, you don't threaten to resign—at least that is the way it seems to me.

The reason why—I think it was toward the end of 1985—that I suggested to the President that I ought to leave was the dispute that I was in with most of the people in the national security area and in the intelligence area over whether or not there should be widespread use of lie detector tests to apply to anybody in the Government really, including you, who has access to certain levels of classified information. And there was a great deal of unease with me as a result of that stand.

I haven't changed my mind about that, I might say. So it is still a dispute.

Mr. BROOMFIELD. Mr. Secretary, the Iran arms sales have almost certainly resulted in just the kind of damage that you predicted. The Arab countries will further doubt our reliability and our other friends doubt our seriousness about terrorism and the Gulf war.

Can the damage to the U.S. relations in the Arab world and to our policy on terrorism be remedied?

Secretary SHULTZ. It has been remedied. I think we had a rough spot, but the basic validity of the President's policies is shown by the fact that people have welcomed the fact that we continue to assert them and support them, and I used yesterday the example of the Venice summit and the statement about terrorism and the continued work on that. So the policies stand and they go forward.

Mr. BROOMFIELD. Would the reflagging of the Kuwaiti ships also help in that regard?

Secretary SHULTZ. Well, I think the—it is clear that we have stood by our responsibilities insofar as the Gulf area is concerned, and that is something that we have done for a long time and we are doing it. So people see that. We haven't backed off.

Mr. BROOMFIELD. Are you comfortable with your position as Secretary of State following this process of self-examination that we have had?

Secretary SHULTZ. Are you a psychiatrist or something?

Mr. BROOMFIELD. No, I was just curious.

Secretary SHULTZ. You could charge big fees for this.

Mr. BROOMFIELD. I know. You have been so honest and candid, I just wondered if you had any information on that. Are you confident that the new staff——

Secretary SHULTZ. At Stanford, I told this story. Not too long ago they offered me a name chair and I said I was honored and delighted but when I get through with this job, I won't be able to use a chair; did they have a couch. They don't have a couch. Maybe that is what you are looking for.

Mr. BROOMFIELD. Are you confident the new staff of the NSC will not conduct foreign policy activities without your knowledge and approval, and I think that ought to be pointed out that President Reagan has taken steps to change the operation of the NSC following the problems we had with the Iran-Iraq war with Frank Carlucci in there, and it is a whole new operation. I wish you would explain it and if you feel comfortable with that.

Secretary SHULTZ. The President has recruited and brought into the White House in a brilliant way outstanding people, and I think the country is very lucky that Frank Carlucci, who has a real breadth of experience, is serving in the job of National Security Adviser, and General Powell, who is an extraordinary person, is his deputy, and others there, and of course, as the Chief of Staff in the White House, Howard Baker, is a sensational team. So they are very, very good people.

There are structural issues, and I mentioned them yesterday. That is separate from the people. The people are outstanding, and I—and they are straight-up people on the top of the table.

Mr. BROOMFIELD. Do you think the fact that Bill Webster has been named Director of the CIA will also add to a better working relationship now all around in this whole question of foreign policy?

Secretary SHULTZ. He is an outstanding individual, and has taken hold quickly, and, at least for my perspective, does seem to agree that intelligence is one thing and policy is another, and they should be separated. So I am glad to see that.

Mr. BROOMFIELD. Am I correct in the new NSC policy there that they are not going to be involved in any covert activities anymore? Is that your understanding?

Secretary SHULTZ. That is my understanding.

Of course, covert activities are a necessary part of our activities. There are procedures for conducting them. We must have the ability to do those things. And the process through which they get decided on and then administered is one that the President supervises and the National Security Council staff takes apart in that process, so they won't be totally out of the loop, but they won't be conducting them.

Mr. BROOMFIELD. The operational end is what you are getting at?

Secretary SHULTZ. The operational end.

Mr. BROOMFIELD. I couldn't agree with you more. I think that was probably the main problem once they got involved in the operational, and did not include the Secretary of State and Defense, we ran into serious problems because we didn't have the checks and balances we should have; isn't that correct?

Secretary SHULTZ. I believe that is correct.

Mr. BROOMFIELD. In early to mid '85, certain NSC staff and the CIA analysts were promoting a reformulation of U.S. policy toward Iran, including the consideration of permitting arms sales by the United States and its allies. Both Bill Casey and Bud McFarlane apparently supported this shift in policy. Who do you believe was actually behind this redirection of policy back in '85?

Secretary SHULTZ. I don't—I don't think I can usefully speculate on that. There was an intelligence estimate and there was a draft NSDD, and I don't know the extent to which that intelligence estimate has been declassified, so I am hesitant to talk about it. But I do think that estimate and the draft NSDD and the way the proposal was structured in relationship to the intelligence estimate showed there an interplay between intelligence and policy that illustrates the problem I have been talking about here.

Mr. BROOMFIELD. Mr. Secretary, did you ever take your disagreement with Bill Casey and Bud McFarlane over this policy to the President except that one time in January, I believe, of '86?

Secretary SHULTZ. I believe I testified yesterday that one of the reasons that I asked to be relieved of my job last August was my sense of unease about my relationships generally and my unease about my relationship to the Intelligence Community and my unease with the intelligence that was being provided.

Mr. BROOMFIELD. You were present at a November 10th meeting—in '86—meeting with the President at the White House in which the President was briefed on the Iran program, but obviously not the diversion, by Admiral Poindexter.

The day after the President's press conference on November 19th, you met again with the President and Don Regan. By this time Director Casey and you had differing positions and you did not agree with the story that the NSC and the CIA were putting out.

Did you ever try to work out directly with the President the problems you were having with Director Casey?

Secretary SHULTZ. Well, this was a period of—rather intense period with fast-moving events, and I met with the President a number of times and I think I have testified about that. I don't want to retrace all that.

But my focus was not so much on individuals as it was on substance—the substance of what you are being told, I believe, was not accurate.

Mr. BROOMFIELD. Do you feel the President continued to rely too much on Bill Casey as a result?

Secretary SHULTZ. Well, he was the Director of Central Intelligence, so naturally he has access more than any other individual to this immense and impressive flow of information and to the analytical capabilities that go with it.

So you have to look to the Director of Central Intelligence as a principal person, without a doubt. That doesn't mean that the intelligence estimates can't be challenged, and they were.

For instance, I challenged the idea that Iran had dropped off in its use of terrorism.

Mr. BROOMFIELD. I am still troubled by your testimony yesterday that you have obviously been a very close friend of the President for some 20 years—at least you indicated yesterday—that you did not have the necessary influence with him, in other words, that you were not able to get to him. And I am just curious why you weren't able to see the President at any time, if you were so disturbed at what was developing on the Iran arms sales.

Secretary SHULTZ. I think I could see the President any time I wanted and I saw the President a great deal, and I'm sure if I, as I did one Sunday morning, called him up and said, Mr. President, I have something I need to see you about, and he said come on over—I had no problem with access to the President.

I used that access very sparingly because he is a very busy person.

Mr. BROOMFIELD. In retrospect, don't you feel you could have been more forceful? Why weren't you more forceful at an earlier date? Maybe you could have headed off some of this.

Secretary SHULTZ. I was present at the meetings in December and January when Secretary Weinberger and I expressed our views. I'm sure you will hear Secretary Weinberger. But I thought he was very forceful and I thought I was forceful, too. We didn't sit there and say, there's five arguments this way and four arguments that way. We were arguing.

So if your point is that the President was in some doubt about our views, your point is wrong.

Mr. BROOMFIELD. I am more concerned about who had the most influence.

Why didn't you have more influence with the President? That is what disturbs me the most. Apparently he was relying on Bill Casey.

Secretary SHULTZ. Well, I think the President was relying on himself. You seem to miss the point that the President is a very decisive person, and he viewed all this and he made a decision, which he is perfectly entitled to make.

I don't—as Secretary of State, I don't think I—just because I think something I should get my way all the time. You can't—it is the President that gets his way, and it is up to people who are serving him, if they are serving him well, to be sure he is exposed to the points of view that can be brought to bear and the arguments and the risks and so on. And I think that was done.

Mr. **Broomfield**. Were you ever denied the ability to meet with the President when you considered it necessary?

Secretary **Shultz**. Never. And I think the President—I am sure he respects my views and listens to them, and I think I have won a few, but I don't win all the arguments.

You can't expect to win all the arguments. Do you win all the arguments in Congress?

Mr. **Broomfield**. Absolutely not, I have been in the minority for 21 years. You know we haven't been in control of this House since 1952.

Mr. Secretary, I have one other question here I would like to ask you. Do you agree with the premise that once the Soviet Union learned from these hearings that there wasn't a smoking gun that would bring down the President, they began to get interested, and I might say real interested, in our new proposal for arms control which was announced a few days ago?

Secretary **Shultz**. I don't have the slightest idea what the reasoning in the Kremlin was.

Mr. **Broomfield**. Well, can you tell us anything about their new initiatives that apparently have been announced, that they are looking more favorably upon the recent U.S. proposal?

Secretary **Shultz**. It is not a recent U.S. proposal. It is a proposal the President made in '81. And we have been struggling to first get people to give it credibility around here—many people criticize the President for his zero proposal as being unrealistic, and he has been battling away for it ever since. And maybe we are about to get there. I hope so.

Mr. **Broomfield**. One of the purposes of this particular panel is obviously to get all the facts. This is not a court, and we are not trying people, that is all going to be done by the Independent Counsel, and obviously there have been a lot of mistakes, but one of the things some of us hope will come from these particular hearings are possible discussions for legislative proposals that will help the conditions, that we don't get into it like we have in the past.

Do you believe it would be reasonable to ask the President to notify at least the four leaders of Congress about serious and very important covert activities; in other words, one of the problems is the question of leaks; in other words, the administration doesn't trust Congress and Congress doesn't trust the administration. How can we start rebuilding this confidence—because we have got to obviously, in my judgment, provide some kind of forum where there isn't secrets—even the most serious secrets or important secrets of our country ought to be discussed at least with the leadership on both the House and Senate. How do you feel about that?

Secretary **Shultz**. Well, I believe as a general proposition in a system of separation of powers, as I said yesterday, which the other side of the coin of that is it is a system of shared powers that the process of sharing is hard and needs to be worked at, and there is no way to make a formula about it. It depends on people talking to each other and working with each other and having some respect for the mutual functions that are to be performed.

For the most part, everything is open and should be. That is our system. You are focusing on a certain class of activities that cannot be open, and everybody agrees they cannot be open, and how do we keep each other informed about that in a manner that keeps the activities secret? And it is a problem that we haven't solved yet, and partly I imagine there will be some proposals that you will make that are perhaps statutory, or something of that kind. But I think it probably comes down in the end to people working together. There has—you cannot have a system in which the President is required to notify people before he acts in all cases. It won't work.

I gave an example yesterday of the President's action in ordering our Navy planes that were on a carrier in the Mediterranean to find that, the plane, which they were able to do, that had terrorists on it and force it to land. And this was a very rapid set of events in which I might say that the system of intelligence, State, Defense, NSC staff working with the President—he happened to be traveling at the time, which made it especially difficult, but it worked very well, and the President was quick and decisive, and there was no way there could have been consultation with the Congress on something like that.

But, of course, it happened fast and it was over, and then fully described, and I don't think anybody would have any reason to question that procedure. It worked quite well.

Now, I think there are also occasions where you—where the President probably will feel he must reserve a right to move independently, but what kind of restrictions in time and what not, I think that needs to be talked out, and I understand that though I haven't been involved in it that there have been some very fruitful discussions between Intelligence Committees and the new Director of Central Intelligence.

Mr. **Broomfield**. Yes.

Secretary **Shultz**. And I believe Mr. Carlucci has been involved in them, and it has been going along in constructive ways, so I will leave it there.

Mr. **Broomfield**. That is my understanding. The administration is addressing this by working very closely with the proper committees and the leadership of the Congress. When you became Secretary of State, you met with your security officers every day for over a year, I guess, to improve security practices. What can Congress do to improve its security practices and better assure the executive that we can also keep a secret?

Secretary **Shultz**. Well, that's for you to debate.

Mr. **Broomfield**. Yes.

Secretary **Shultz**. I think—there used to be a saying in World War II: "Loose lips sink ships." Remember? We should get up some current version of that.

Mr. **Broomfield**. Well, thank you very much.

Chairman **Inouye**. Senator Cohen.

Mr. **Cohen**. Thank you, Mr. Chairman.

Mr. Secretary, I want to say the testimony you gave yesterday, I think, was the most extraordinary I have heard during my 15 years of service in Congress. I think that all of us are aware there is ideological struggles, and personality clashes and turf battles are about as old as the Constitution, but I think you shed some light on a level of conflict many of us could only speculate actually existed.

I think I would like to point out a lot of emphasis is being placed on the need for men and women of action in public service, and indeed we need them, but we also need men and women of wisdom. So I think you provide a rare and a real combination of those two characteristics.

I would like to ask you, first of all, whether or not the State Department has any Farsi speakers?

Secretary SHULTZ. Oh, yes. Mr. Dunbar, for example, that I mentioned I believe was one of the hostages in Tehran, as a matter of fact.

Mr. COHEN. Actually, he happens to be from Maine. He comes from Maine, Senator Mitchell advises me, so we have a Maine connection there. So we don't have to rely upon—

Secretary SHULTZ. As Maine goes, so goes the nation.

Mr. COHEN. We don't have to rely upon the talents of Albert Hakim in order to carry on translation of policy on the part of the United States?

Secretary SHULTZ. It is a very bad idea for the United States to have an international meeting where we rely on somebody else's interpreter. We need to have—if we have a meeting, for example, with Mr. Gorbachev, as we did in Reykjavik, we not only had our interpreter there but we had our notetaker there who was a Russian speaker. So he heard the Russian and then he heard the translation of the Russian, and he could compare them. So you have to be very careful, if you are in a negotiation, to have somebody who is really a good translator, and it is a skill. It is much more than just knowing two languages.

Mr. COHEN. All I was trying to get at, Mr. Secretary, is we have Farsi speakers in the State Department available to conduct negotiations?

Secretary SHULTZ. Yes, of course. We have an outstanding interpretation group there.

Mr. COHEN. You mentioned yesterday the Battle Royal that took place in November of 1986, and I believe you indicated the participants were Admiral Poindexter, and I believe Director Casey. Earlier in your testimony, in December of 1985, you indicated you thought that Donald Regan was really sort of on your side and that of Secretary Weinberger.

I take it that following December, sometime in January, 1986, Mr. Regan tended to side with the President on the issue as to whether to go forward, is that correct?

Secretary SHULTZ. What I testified to was that in the meeting in January, where Secretary Weinberger and I argued against this initiative, that it seemed to me all of the other people in the room, which included Mr. Regan, had a different view, but I don't remember precisely what he said or if he said anything, but that was the impression I got.

Mr. COHEN. Let me go back to the Battle Royal then. In November of 1986, did the people who were urging you to sing this false song to the American public about what had happened include just Admiral Poindexter and Director Casey, or were there others who were urging you to come on board or get off the ship, one or the other? Did it include Mr. Regan, for example, did it include the Attorney General, did it include Secretary Weinberger? Who else was involved in that royal battle?

Secretary SHULTZ. Well, there were a lot of people outside the Government who were after my scalp, which people are always after my scalp. There is not much left of it up here.

Mr. COHEN. That has been true since you have been here, though.

Secretary SHULTZ. I am used to that.

Mr. COHEN. On that day or those days when you were debating the issue of not going forward or letting the President go out on the stage and give a speech to the American people with incorrect or indeed false information, who was waging that battle against you or with you?

Secretary SHULTZ. I was in favor right from the beginning of full disclosure of the facts. So I wasn't opposed to the idea of a Presidential speech or press conference or anything, although I think there was obviously a need for a better assessment. It was more a question of what was the content. That was the problem as I saw it.

Mr. COHEN. Well, were you the only person arguing during that debate that the contents should be changed? Were there other people, allies, on your side to say, "Mr. President, you can't go out with information like this and present this to the American people"?

Secretary SHULTZ. Well, I don't know. I just am able to testify about what I did, and what other people may have done——

Mr. COHEN. Who else was there?

Secretary SHULTZ. —I don't know.

Mr. COHEN. Who else was there?

Secretary SHULTZ. Well, at the meetings, I had my own meeting with the President on the afternoon, I think, before he had his press conference, and I expressed myself, I forget who was there, either the—Mr. Poindexter was there, Admiral Poindexter or his deputy, who by that time was Al Keel, but somebody was always there when I met with the President, and I believe Don Regan may have been there. Don Regan was present in the family corridors when I had a lengthy meeting with the President on it. I preferred to have somebody present.

Mr. COHEN. Did Director Casey suggest that you resign if you couldn't support the position that we all unanimously supported, the initiative so-called?

Secretary SHULTZ. Not that I knew of. I didn't know of anybody going to the President and saying that he should fire me other than what you have read in the papers about the advice he might have been getting from people outside the Government.

Mr. COHEN. Are you now aware that Director Casey actually wrote to the President suggesting he needed a new pitcher?

Secretary SHULTZ. Yes, I have seen that letter.

Mr. **Cohen**. A PROF note was written by Colonel North to Admiral Poindexter indicating the colonel had called President Arias of Costa Rica threatening to cut off economic assistance in the event a press conference was held to disclose the existance of an airstrip, and Admiral Poindexter wrote back on his PROF's computer system, "Well done, but let's keep it a secret." Or "You did the right thing", I think, are the exact words, "You did the right thing, but let's not talk about it."

Do you think it is appropriate under any circumstances to have a staff member of the NSC to be calling the head of a State to engage in that kind of a threat?

Secretary **Shultz**. Certainly not. But I am not even sure that phone call was actually made.

Mr. **Cohen**. It wasn't. The fact is it was not made. The question I raise is under any circumstances would it be warranted and should it be condoned if it had been placed?

Secretary **Shultz**. No.

Mr. **Cohen**. Now, I think we all have something of a difficulty in terms of trying to analyze what happened between December 5 of 1985 and January 6 of 1986. The testimony we have heard before indicates, for example, both you and Secretary Weinberger felt that somehow, to put it graphically, the baby had been strangled in the cradle, someone testified to that before the Intelligence Committee, and 3½ weeks later the baby is alive again, and it seems to me there is one word that keeps bringing this child back to life, and that is "hostages." The President apparently insists that the Iranian initiative be invoked like some sort of a mantra. But the fact is it comes down in your mind to the bottom line, which was hostages.

I think we have learned that the President is very passionate, a compassionate man, and he cared about their well-being. I think he and Director Casey either suspected or knew Bill Buckley had been tortured to death. He met with families of the hostages shortly before Christmas, Colonel North urged that we continue working with Mr. Ghorbanifar or the hostages would die. The Israelis sent an emissary to persuade us to continue, again arguing the same message, and all of that tended to culminate in that January 6 decision.

And I think you would agree with most of us I think in this committee, if the hostages were not the driving force of the so-called Iranian Initiative that the President probably would have told Mr. Ghorbanifar to take a steam bath in Baghdad, I assume. Is that not right?

Secretary **Shultz**. Well, no. I think that—let's leave Mr. Ghorbanifar out of it.

Mr. **Cohen**. Well, he is important. Take the hostages out.

Secretary **Shultz**. If there were a way of having a discussion with the Government of Iran that would bring about a change in their behavior and the change in the relationship between Iran and the United States, we would want to do that, and we continued to work at that, so I don't think—I think that is independent.

Mr. **Cohen**. Mr. Secretary, if the hostages——

Secretary **Shultz**. That is what the——

Mr. **Cohen**. If the hostages were not involved, could you conceive of the President agreeing to sell arms to the Iranians in order to open up a "new dialog with the Iranians"?

Secretary **Shultz**. I obviously felt that such a thing was very ill-advised, and my guess is that—well, I don't know why, I can't speculate about it.

I don't think it's the kind of price that we should pay. There is no reason to pay a price.

Mr. **Cohen**. Mr. Secretary, the Tower Commission is rather critical, or at least implicitly critical, that you and Secretary Weinberger, having voiced a very strong objection, had a further obligation to go to the President and indicate you could not support the program in good conscience.

I think you indicated yesterday that one of the reasons you—after January 6th or at least January 16th of 1986—turned away and said, you know my position and I'm strongly opposed to it, just keep me apprised of major policy developments.

The question will arise, when you knew, for example, that Mr. McFarlane was going to have a meeting in Tehran, should there not have been some State Department participation in that venture?

Secretary **Shultz**. Well, I didn't know about Mr. McFarlane's trip to Tehran before it occurred.

Mr. **Cohen**. And had you known, would you have insisted?

Secretary **Shultz**. What I did know, however, was that in February sometime—the date is in the record—Admiral Poindexter informed me that through the process of discussion that was going on and which I recognized was going on, it seemed that an agreement had been reached in which there would be a high-level meeting, and he put a lot of emphasis on the idea the Iranians want a high-level meeting, someone who clearly is close to the President and recognized as a major figure, to discuss this broad relationship, and when that takes place the hostages would be released.

And I said wonderful, congratulations if that worked out. But I said I would like to see instructions, written instructions, and he told me that Mr. McFarlane had been suggested for—picked for that mission.

So as a result of that, I guess—or perhaps they were doing it anyway—some Terms of Reference were drawn up, written Terms of Reference, which I reviewed. And I felt that they were fine.

Then I learned in March—the middle of March sometime, Admiral Poindexter told me that the—it had evolved into a desire to meet on an island in the Gulf, and in the back and forth I had the impression from him Mr. McFarlane had been quite reluctant at that time to get involved, the whole thing had fallen apart and been scrubbed.

Mr. **Cohen**. Thank you, Mr. Secretary.

I would like to just offer a couple of observations.

I first want to thank you for bringing the hearings back into focus. I think your testimony confirms that this is not a story about tires or security fences and it's more than one about smoking guns or choking shredders.

I think it's a story, in the final analysis, about power—who has it, in what measure and how it's to be exercised.

I think it's clear from our discussions you believe this, as well, the Founding Fathers decided that power necessarily had to be entrusted to someone, but that no one could be trusted with power.

Secretary SHULTZ. It had to be distributed. But there must be power to act. If we don't have the ability to act as a country, we are in deep trouble.

Mr. COHEN. Let me just finish my observations, Mr. Secretary.

Secretary SHULTZ. Excuse me.

Mr. COHEN. I think they found history and experience taught them power that was unchecked led to its arrogant use and inevitable abuse, and so they diffused it, they deliberately diffused it and set up these institutional checks and balances.

And I think that, yes, we need people who can conduct action and take action and cut through red tape and cut through the bureaucracy, but the fact is that speed of action was never the absolute goal of democracy, because a king is faster than a congressman on any given day.

They decided the nature of a democracy should be debate, deliberation, discussion and even dissent, so that the leaders might at least have the opportunity to act wisely, rather than quickly or passionately.

And I think it's clear, at least to me, that the President's decision to include arms as a part of the package to establish this new relationship and obtain the release of hostages came over the strong objection of its two top foreign and military defense policy advisers, and no one, no one on this committee can challenge the President's sentiments or motives.

I think it's clear—if it was not clear then, it is now—that he made a mistake and that his heart overruled his head.

But I think it's also clear—I want to say this myself, at least—that the American people do not want to see him pilloried or politically paralyzed for being human. They simply want—and I think they deserve—an acknowledgement of the truth.

As you pointed out, it is one thing for a President to make a mistake; it is quite another for others to exercise the power for him.

To me—I have said this before—the most serious revelation we have had during these hearings is the fact we were selling American property, at grossly inflated prices, taking the windfall profits and diverting a portion of those profits not to the U.S. Treasury, but for a purpose that was not authorized by Congress, setting up a fund whereby future covert activities could be conducted without the knowledge perhaps of the Congress, perhaps not even the President himself, and that is not a constitutional form of government that was celebrated last week in Philadelphia, and that is not what we want to leave as a legacy to the generations that come after us.

Now, a couple of people have raised the question about the cost of these hearings. I think that when we do so, we have to weigh it against the price of preserving a constitutional government. If we are willing to spend $100 million to promote democracy in Central America, I think we can spend a small fraction of that amount to make sure that we preserve democratic principles in our country.

I came across an essay written back in 1933 that I think has some applicability today. It said any administration which has exercised as much power as this one needs criticism for its own good, it needs to hear the objections, it needs the clarification which comes from having to explain what it's doing, it needs protection from its own courtiers, from the delusions of its own unexamined premises, from the conceit that sooner or later afflicts the human animal when everybody around him says yes; it needs, in short, a series of great debates in which the principles and measures it is using are thoroughly aired, thoroughly questioned and thoroughly explained. And if fresh debates are provoked, it will do the country a great service.

I think these debates are, in fact, doing the country a great service.

I thank you, as Secretary, for being willing to provoke and participate in these debates.

Secretary SHULTZ. Could I make just one comment, and I appreciate your very thoughtful comments. But going back to your comments about the President's decision and my opposition and Secretary Weinberger's opposition, with all due respect to debate and so forth, there also has to be a capacity for decision and action, and it's the combination that we look for. And with respect to the insides of the Executive Branch, I think we all have to keep reminding ourselves that the President is the guy who got elected.

Mr. COHEN. Exactly.

Secretary SHULTZ. And I am an appointee of his who has gone through a rigorous process leading to nomination and a rigorous process of examination by the Senate, and I am accountable and I am here and all that. But nevertheless the President is the boss. I'm very clear about that and I seem to recall some story, I think it was about President Lincoln, wasn't it? who took a poll of his cabinet and he was in favor of something and everybody else was against it. He said nays, eight, ayes, one, the ayes have it, or something like that. The President is the boss, and he should be. And you have to respect that.

Mr. COHEN. We're in complete agreement, the President is the boss. I think you spoke eloquently yesterday about not only his power to decide but also his responsibility to remain accountable for that decision. That's what the hearings are about, the accountability which you talked about so well yesterday.

Thank you, Mr. Chairman.

Chairman HAMILTON. The Chair recognizes Mr. Cheney.

Mr. CHENEY. Thank you, Mr. Chairman, Mr. Secretary. Welcome before the committee this morning.

Thinking about your years of service and your resume and the fact that you worked for I believe the Eisenhower, Nixon and Reagan administrations and I know personally that you undertook sensitive diplomatic missions during the Ford administration for President Ford so that in effect, you've served every Republican President of the last four, over a total of about 30 years, is that correct?

Secretary SHULTZ. That's correct. I also was asked to chair a task force on the employment service and such things by President Kennedy, and the White House Task Force on employment or unemployment problems in our inner cities by President Johnson, a task force whose recommendations led to the Jobs Program. So I have had an association with those administrations as well.

Mr. **Cheney**. The point would be that you clearly have the credentials to help us in our task of trying to place these events in a broader perspective and frankly, Mr. Secretary, one of the things that concerns me about these proceedings is that we develop sort of a hothouse atmosphere. We've got the television cameras and the TV lights and the best reporters in the business, and some of the most distinguished Members of Congress focused on these series of events, but it's sort of a mutually reenforcing kind of an operation. There's a strong incentive on the part of both groups to dramatize these events, they are important events, I don't mean to downplay them at all, but sometimes our intense focus upon the problem we're analyzing I think obscures some relevant comparisons if you will to other periods of time or other events in other administrations, and what I'd like to do if I can is focus a little bit on that today and with your advice and counsel, see if it isn't possible to maybe bring perspective to these events.

It is tentative for us to talk about a grave constitutional crisis. Some of my colleagues are fond of saying this is the worst thing that has happened in this case since Watergate, and I must say I have trouble with those arguments, the notion that this is a crisis strikes me as inappropriate. If it ever was a crisis it ended last December when the President put an end to those policies that are under investigation here and as to the extent we are focused on enforcing the Boland Amendment, we have to remind ourselves periodically that the Congress repealed that law over a year ago. I look at the arguments about Watergate which some of my colleagues on this committee are fond of pulling out as a relevant analogy, and I must say I don't see any relevant comparison at all. I think the analogy is grossly overdone, but you served in the Nixon administration and went through those difficult years as well, and I just wonder if you would agree with my judgment that what we have here is a radically different set of circumstances and not a political crime, but rather fundamental disputes over policy and whatever the motives of the individuals involved might have been, and whether we agree or disagree with their policies it is clear that it was a policy struggle, not a struggle for domestic political advantage if you will, and it's also clear this President responded very aggressively when he found he had a problem, and contrary to running the so-called coverup that was part of the Watergate incident, this President has done anything but that. He has made available even his own diary to the members of this committee, appointed the Tower Commission, cooperated in every single respect with our activities.

I wonder if you might comment based on your perspective of your service over the years, whether or not you think that analogy is appropriate.

Secretary **Shultz**. I believe that the Watergate problems were not so much about the burglary as they were about the cover up. That was the essence of the Watergate problem. In this case we had a set of events involving an initiative toward Iran that were undertaken, broadly speaking, given the Finding that we know about with attention to proper legality. And something happened in the course of that by way of fund diversion, which the President didn't know about. And as the events started to tumble out and then especially when the President and—the President set in motion a very quick investigation by the Attorney General as he began to sense that something was wrong very quickly, and then when he found something was definitely wrong he put it out immediately, and has gone in just the opposite direction of a cover up.

It was—you have been inundated with materials, and to some extent I think some of the materials that have been put in the hands of the congressional committees, it is unwise to do it. But at any rate, the President has gone all out to see that all of the facts are available, and I think it's to his everlasting credit, that was his immediate instinct.

I think as a matter of fact with a great deal of—has been revealed by these investigations and I personally have been astonished at some of the things that have come out.

But the basic structure of what happened, the Iran initiative, the distortion and the fund diversion, that was brought out long ago, and I think that that is the essential set of facts, and that remains what you have before you, is to find out why did that happen and who knew about it and all that.

But the basic facts were set out at the President's direction in November.

Mr. **Cheney**. And the evidence that the committee has uncovered so far and we have indeed reviewed massive amounts of evidence basically supports the story that he has told all along.

I want to move on—yesterday you were, I thought, fascinating in your description of the debate, the struggles within the administration over policy and we all know that those debates and struggles are perhaps extraordinary in this case, but they occur in every administration and obviously one of the historic, certainly a trend or a theme if you will, that you can find in virtually any administration in recent years are disputes between the NSC staff and the State Department or between the Secretary of State and the President's NSC Adviser.

Can you comment upon the proposition that this is not a new set of problems? I recall the Brzezinski-Vance battles of the Carter years and certainly the struggles between Secretary Rogers and National Security Adviser Kissinger in the Nixon administration were legendary—books have been written on the subject.

Can you compare the kind of policy disputes you described yesterday with those other debates?

Secretary **Shultz**. I do recall Secretary Kissinger saying that he thought Secretary Vance wanted to have the National Security Adviser explain American foreign policy to the Chinese one at a time.

Mr. **Cheney**. That was not meant as a compliment, I take it.

Secretary **Shultz**. Well, there are these disputes, and there have been disputes in the Reagan administration.

Of course, when there is an argument about something, that tends to become the focus of attention. But one of the points that I tried to get across yesterday, and I don't know that I succeeded very well, but it is that there has been a strong, successful, broadly supported foreign policy in place that has had the strength that comes from continuity, and a great deal of accomplishment, that I think all Americans can feel good about.

So that in a sense most of the time things are going forward in a good way; arguments around the edges and so on, but nevertheless, a lot of progress, and I gave some examples yesterday, and I think in response to Congressman Broomfield's question we see one right in front of us in the possibility of a major agreement that people generally support in the arms control field, and there are lots of examples. And they are very strong, but when there is something comes up that people argue about, then everyone focuses on that and we shouldn't think that because we focus on the arguments that everything is argued about. It isn't.

And I believe that is true also in most administrations.

Mr. CHENEY. Let me state it a different way. Why should the committee reviewing the Iran-Contra affair believe that the events you described yesterday are any different fundamentally than the kinds of conflicts that occur from time to time in administrations over policy between the State Department and the NSC?

Secretary SHULTZ. There was a particular operational role that was undertaken by the staff of the National Security Council that was in a sense not knowable—that is, it was hard for anybody to find out about it.

So it became sort of unaccountable. And I think what that does is it causes you to say how do we design our procedures so that if some operation is undertaken, it is undertaken by people who are accountable in a kind of formal sense, as it has been developed in our system of government.

And if you have a staff group with all the merits in the world, but it is unaccountable and can do things and nobody is able to find out about them, then you have to say to yourself, I think, and the Tower Board did say, that the National Security Council staff shouldn't be undertaking things of this kind.

Now I think it would be a mistake, however, to lay down some absolutely flat rule, because I am sure there will be times when it is the judgment of the President, perhaps in concert with his other advisers that here is an occasion when it could be very useful to have the National Security Adviser go do something or other, but it ought to be gone about in such a manner.

But I think you don't want to lay down flat rules about it. I think that is the problem, but in the course of reviewing these matters, it seem to me as I said yesterday, there are some other things that at least loom in my mind, and one is the—I think—necessity, and I would be all in favor of a good, flat rule on this—of separating the function of providing intelligence and analyzing what we have and so on, from the functions of policy.

Mr. CHENEY. Let's focus on that point for a minute.

Your testimony yesterday on Director Casey was obviously of interest to those of us who serve on the Intelligence Committee, too.

Would it—again to turn it around a little bit and to try to explain why he felt apparently so strongly about this and why he became an advocate of the program to recover the hostages. Do you think that was tied in any way to the fact of his concern over Mr. Buckley?

Here we have one of the hostages, not a man who voluntarily went to Lebanon over the objections and against the advice of this government, but because the Government sent him to serve in what has to be one of the most dangerous posts in the world, our CIA Station Chief in Beirut—a man who spent his career in the clandestine service of his nation, and I don't find it surprising that the Agency or people in the Agency and Mr. Casey would feel very strongly about the importance of trying to recover, if you will, freedom for one of our own.

Secretary SHULTZ. Absolutely, and I share completely his concern, not only about Mr. Buckley, but other Americans who are taken hostage, and we need to work in a strong, intense way to do something about our hostages.

But I think we have learned from all this, I hope it has sunk in, that there are some things that are not a good idea to do. It is not a good idea to publicize and make it clear to those who hold the hostages that there is practically nothing we wouldn't do to get them released.

That is counterproductive.

Mr. CHENEY. I would agree.

Secretary SHULTZ. And if you pay for hostages, you just encourage taking more of them and so on.

There are certain things, and I think all of this has probably usefully driven those lessons home——

Mr. CHENEY. Without concurring with the policy, I think it is clearly possible though to say it is understandable why people took the position they did.

Secretary SHULTZ. Of course, and we should.

Mr. CHENEY. On another point, you talk about the operational role of the NSC and I am inclined to agree with you, that operations at the NSC are generally a bad idea, but it is a well established pattern also in government that Presidents become frustrated with the bureaucracy, that they and their staffs oftentimes for a variety of reasons, as time passes, find it increasingly necessary in order to achieve their objectives or they think in order to get things done in a timely fashion that they have to reach out into departments and agencies and bring things into the White House that might not otherwise get done, and sometimes this happens because, as you mentioned in your quote attributed to Henry Kissinger, the Department seems to be concerned primarily by negotiating while the White House is primarily concerned with completing the negotiations. We find turf battles among Cabinet Members.

Is it possible, for example, if you get two Cabinet Members at loggerheads on policy unable to agree on major issues that rather than continuing to hammer away at trying to reach agreement within Cabinet councils, that the staff and the President decided they want to proceed down a different track without involving these individuals?

Secretary SHULTZ. Well, I think if there are legitimate disputes, and I think the basic things that are debated about are legitimate, they are substantive matters of importance and they get debated, and in such a case it is up to the President to decide, and then people take that decision. And I believe it is also a mistake to think that the only times the President needs to make a decision is when he sees there is a dispute.

It may very well be that there is something that people in the Cabinet all agree on, but the President has a different idea. So he needs to see the flow of things, including the things that people may be agreeing on, and look at them himself.

But he is the—he is the final arbiter of these things.

Mr. CHENEY. I see my time has expired.

Mr. Secretary, I would like to thank you for some fascinating testimony. It has been very helpful to the purposes of the committee.

Thank you.

Chairman INOUYE. Senator Heflin.

Mr. HEFLIN. Mr. Secretary, let me first commend you for the relationship of your attorney and you in your presentation of your testimony. I am accustomed to being in a courtroom, and generally it would be rare indeed for an attorney to be able to whisper into the ear of his client or witness and to do so during the course of examination or cross-examination; however, our rules do allow it and I am not critical of the fact that this has occurred. It makes it a little unusual as to whether or not the testimony comes from the witness or whether he is being a parrot. It is one of those things of—would you like to introduce our counsel who is not with you but who has occasionally passed you a note.

I think it has been a refreshing thing to see the relationship of you and your attorney today. Would you like to introduce him?

Secretary SHULTZ. I assume you're speaking about Libby Kiefer here, a member of Judge Sofaer's legal office. And this is Judge Sofaer. You don't have to worry; if Judge Sofaer thinks that he should get into my mind, I'll hear from him.

Mr. HEFLIN. I think it is refreshing. There is nothing wrong and I don't criticize it, but every now and then some of the attorneys have grabbed their clients, jerked on their arms and gone into contortions to get to their ears, then it sort of at times looks like the interaction of the attorney and the lawyer resembles the contortions of a wrestling match on TV. Anyway, we are delighted that this relationship is here.

There are some things that trouble me. One is the decision that was made relative to the visit to Iran by Mr. McFarlane and Colonel North and others in May of 1986, I believe it was, and there was no question that for them to go was a courageous thing, that life could have well been in a real serious situation, and that they testified, as others have testified, that they took preparations to the fact that they could have taken their own lives if they could have and if it had become necessary.

What worries me was that the selection of these two, certainly Mr. McFarlane, with certain knowledge of the entire activity pertaining to the National Security Council, were sent, and I am reminded also that about that time, we had had the experience concerning Mr. Buckley of the CIA—I just wondered what type of crisis we might have been gambling with in the event that Mr. McFarlane and Mr. North would have been taken as hostages on those events, at that time?

Secretary SHULTZ. Well, it would have obviously presented us with very serious problems.

Mr. HEFLIN. Well, I just——

Secretary SHULTZ. I mean, what are you getting at?

Mr. **Heflin**. High-level officials like that, it almost presents a crisis of where you are almost required to take some very strong affirmative action. Could it have resulted in a war?

Secretary **Shultz**. Well, I don't want to speculate about it. Clearly, if Iran had detained them we would have wanted to do something about it, but just what and so on, I don't want to speculate about.

Mr. **Heflin**. Well, since Terry Waite has been taken as a hostage, it causes me concern as to whether or not it was more of a gamble than we might have thought of at that particular time.

Let me ask you——

Secretary **Shultz**. They felt that they were there, I guess—I don't know, I wasn't part of the decision to send them there, but they must have felt that they were there more or less at the invitation of the Government of Iran, so that is a little different than wandering around on your own hook.

Mr. **Heflin**. Well, I hope——

Secretary **Shultz**. There are some French diplomats that thought they were there with the Government in the proper way; they are having their troubles. It is an erratic regime.

Mr. **Heflin**. Let me ask you now about the suggestion that was contemplated by some of the people that the dialogue between the so-called moderate elements in Iran and the groups that were dealing with them from America might have proceeded to the point of where they could have had a mini-summit involving possibly the Vice President and the Speaker of the House or Speaker of Parliament in Iran. Are there problems with that type of approach from your viewpoint?

Secretary **Shultz**. These seem to be sort of fantasizing by people about how things might go, trying to construct how a relationship might evolve, but certainly if a relationship evolves with a country with which we don't have one, it would undoubtedly take place through a series of steps that involve some diplomatic contact that probably would not be visible, and understandings reached with a gradual engagement of people at a higher level. And so you tend to see that kind of evolution, so I think that if we—when there comes the time, and I believe there will come a time, it is sort of inevitable, as I was saying yesterday, because of the strategic situation, that the U.S.-Iranian relationship will change. It will probably go through some sort of process that winds up with a high-level exchange of some sort.

Mr. **Heflin**. The process that you are speaking about normally includes the Department of State and their officials or there're dangers of getting outside of a process of using the Department of State in the evolving of that type of process.

Secretary **Shultz**. That is the business of the Department of State. That is what you put it there for, to conduct diplomacy, and there are a lot of skills there and institutional memory and so on to do it, and on the whole, I think it is done quite well. But there are exceptions to the rule. The one that is usually cited, and I don't know what others can really be cited as effectively, is the opening to China in the Nixon administration, which was basically done without the participation of people in the Department of State, although people who were working in the National Security Council staff and were Foreign Service officers took a strong part in it all.

Mr. **Heflin**. Let me ask you a little bit about the solicitation of Brunei. You mentioned that the law had changed, the law at the time that the officials of Brunei were solicited, that there was specific authorization for the State Department to make such solicitation. However, I am fuzzy about the testimony that has occurred concerning the selection of the bank account that the money would be deposited in.

There has been testimony to the effect that, first, Colonel North was requested to provide such an account. He gave the number. Then the Chief of the Central American Task Force of the CIA was asked to provide an account. He established an account separate and apart where there would have been no commingling. Then the decision was made to go to the original North account which had transposed numbers and caused some confusion.

Relative to this, was there any discussion with you and the Assistant Secretary Abrams pertaining to what bank account would be selected?

Secretary **Shultz**. There was discussion. I was involved in a little of it, but it was more between Assistant Secretary Abrams and some others.

But basically the account number that we got, that Mr. Abrams got from Colonel North, was described to us or described to Mr. Abrams as an account that, so to speak, belonged to the Nicaraguan Democratic Resistance, the Freedom Fighters. It was their account. And that is the one that I knew about when I went on a trip that included a stop in Brunei, but I didn't use it or make any solicitation on that occasion, but that number was in our possession at that time.

I believe that later the CIA account number was provided. That was a CIA account. And so in the discussion that ensued, and I was not a part of it, but they discussed this question of which account to use. It was thought that if the money went from Brunei into an account controlled by an agency of the U.S. Government, then it becomes the government's money, so to speak. And what we were authorized to do was to solicit third countries to contribute to the cause of the Democratic Resistance. And so we thought, well, it is better then to have Brunei make the deposit into an account that is controlled by the Democratic Resistance, and that was the line of reasoning that the people involved went through, and I think it was a good line of reasoning.

Mr. **Heflin**. Well, in your investigations and discussions with people concerning this, have you uncovered any evidence that there was any direction given to the Hakim-Secord enterprises that $3 million out of that $10 million would be used for arms purchases and that the other $7 million would be reserved for some decision to be made at a later date as to its disposition?

Secretary **Shultz**. The only information on their plan that I have is what I saw, and I happened to be watching the hearings, when I guess Mr. Hakim or somebody testified along the lines that you suggest.

Mr. **Heflin**. Let me ask you about the——

Secretary SHULTZ. I might say that what that shows, among other things, is that the representation to us that this was an account controlled by the Democratic Resistance was not correct. That was bum dope.

Mr. HEFLIN. Well, that would appear to be an accurate description.

Let me ask you about the evaluation in the discussion of the—when they were going through the Presidential Findings pertaining to our direct sale of arms to Iran through the Enterprise. At that time, was there any evaluation of the effect of 4000 TOWs upon the Iran-Iraq war that you heard any discussion about?

Secretary SHULTZ. Senator, I didn't know about the sales, and so on, as they occurred, and I wasn't part of such a discussion. I don't know whether there was or were not, and I think you should ask that question to those who were involved.

Mr. HEFLIN. Well, I thought that you made your arguments against the Presidential Finding in that period where they were discussing whether or not there would be a direct involvement, and that you were participating in the consideration of that.

Secretary SHULTZ. Yes. When we were arguing the merits and demerits of proceeding, there were a number of arguments used, and one of them was that our posture, insofar as the Iran-Iraq war was concerned, that we didn't sell arms to either side, that is our posture today, and that we wanted to see the war come to an end with no victor or vanquished and with the territorial integrity of each side intact. And it was clear from what happened, for example, in response to some previous U.N. resolutions, that it was Iran that was the intransigent party at the time, and so we had a policy called Operation Staunch of obviously not selling arms ourselves, but also trying to persuade others not to sell arms to Iran on the, I think, reasonable theory that if they were denied arms, they would have a hard time keeping the war going, or if you were effective in Operation Staunch, it would make it at least more difficult and more expensive for them to get arms and that would be an inhibiting force. If you then sold arms in the face of that, you create all kinds of difficulties for yourself. You would make a possible change in the balance of the war, that if we breached our own discipline, then what would happen, would that open the flood gates for other people who said, "You have been telling us not to sell arms and we have agreed with you; now we see you are selling arms so we are going to go ahead." So it wasn't just our sales but the potential impact on others that we had to consider, and all of this was pointed up.

Mr. HEFLIN. Well, was a voice of the actual military aspect of the evaluation of 4000 TOWs upon the Iran-Iraq war at those discussions—did you hear any evaluation of the military impact?

Secretary SHULTZ. Well, it wasn't—no, the discussion wasn't, didn't get to that level. The discussion, the argument was more on a general plane rather than if we are going to do it, what kinds of weapons and what would their impact be at least as far as I am concerned.

Mr. HEFLIN. Thank you, sir. My time is up.

Chairman HAMILTON. Mr. Fascell.

Mr. FASCELL. Thank you, Mr. Chairman.

Mr. Secretary, we left off yesterday, we were on the road to some philosophical instruction, but my time is kind of limited, so I will just offer a few.

It seems that territorial imperative and ego and zeal are all part of the necessary adjuncts of mankind and that the only time they cause any problem is when they substitute for intelligence and common sense.

I gather——

Secretary SHULTZ. I got the impression you didn't want me to philosophize, so I am keeping quiet.

Mr. FASCELL. I wanted to see if we were talking about the same thing in a general sense. The same way with power. It is not the use of power, it is the abuse of power, and our Founding Fathers decided when they set up this system of government they were concerned about the use and abuse of power.

Therefore, they created the institution in which room we now sit called the Congress of the United States.

You and I discussed this many times. The last time I believe was before the Bar Association. And I hope that my impression has changed, Mr. Secretary, that you don't consider Congress an obstacle in the path of the exercise of power by the executive, that we have some co-equal function.

Secretary SHULTZ. Sometimes it is tempting.

Mr. FASCELL. Having gone from the broad general philosophy of government now, I want to put the microscope down on what some people have considered minutia, but the minutia is important in the context of this overall investigation. Because it demonstrates the totality of the determination of running this operation.

So I want to talk to you about the Office of Latin American Public Diplomacy, otherwise known as LPD, and the head of that office said he reported directly to you, and as I understand it, the office was placed in your office as such.

Am I correct?

Secretary SHULTZ. That office was created as a result of a discussion in the Executive Branch about the importance of letting the American people know what was going on in Central America and the Caribbean. It was part of public diplomacy in that sense, and that is one of the functions that we are supposed to undertake in the Department of State and in government generally. That is our process, is a process of education and so on.

Now, that is what that office was supposed to do and it was created for that purpose and its job was——

Mr. FASCELL. Was that a direct responsibility handed to you by the President or did that arise out of a discussion of the National Security Council?

Secretary SHULTZ. It arose out of a discussion and just about the President's interaction with it precisely I don't know, but the President was very much in favor of trying to tell the story as effectively as possible and he was a major participant in doing so and continues to be.

Mr. FASCELL. And part of that effort also was to lobby the Congress and make sure we voted correctly? I mean there is nothing abnormal or wrong about that. I mean that is a normal kind of an operation.

Secretary SHULTZ. Well, there has to be public diplomacy efforts in the Department of State a line drawn between trying to talk to people, talking to people about our foreign policy and the problems and opportunities and so forth on the one hand, and using appropriated funds to lobby the Congress on the other.

But the President has often said as far as his own role was concerned that if the Congress doesn't see the light, he will try to get them to feel the heat by appealing to the American people on behalf of his policies. And I think that is a perfectly legitimate thing to do. An important thing to do and every President does it.

Mr. FASCELL. Absolutely.

Secretary SHULTZ. And should do.

Mr. FASCELL. What was your understanding of the NSC's role in this Central American public diplomacy effort, what were they doing in it?

Secretary SHULTZ. The effort was something that involved various departments, so there needed to be coordination, and this unit was created to be a unit that involved itself in studying the materials and getting out materials and getting speakers around and so forth, and it was coordinated in an interagency group setting, and I think the chairman of the coordinating group was a member of the NSC staff if I am not mistaken.

Mr. FASCELL. Walter Raymond.

So this organization or effort, did you really want that in your office?

Secretary SHULTZ. Well, when you say my office, the State Department classifies offices by letters. Judge Sofaer is in charge of L, and——

Mr. FASCELL. So. So what's L?

Secretary SHULTZ. The Secretary's Office is called S, and in S, there is a lot of things that I work directly with, but it is also a place where in a sense miscellaneous things get put. I will give you an example. Our mission to the Vienna CSCE Conference is located in S. And Ambassador Warren Zimmerman is therefore there and in an organizational sense you might say he reports directly to me, and he does, and I am, of course, very interested in that subject as you are. But the real supervision of that effort is done by Roz Ridgeway and her group in the European Bureau. That is where the thing is mostly concerned and that is where the day-to-day operational aspects are.

So something may be located in S. There is some 450 people in S who have quite a variety of functions and this happened to be one of them.

Mr. FASCELL. They all report directly to you if they are in your office?

Secretary SHULTZ. On an organizational chart, but obviously, the work has a different pattern. In this case, there was a coordinating group that was under, and as I would see it, our AR-5 Bureau would be a primary source of information about what is going on, so if they are going to publicize and educate, they have to get content and that is where you get the content.

From my standpoint, what I saw coming from that office, was you might say a work product. And the work product was various publications that I saw, and information about scheduled appearances and things of that kind that all seemed to me to be quite good.

Mr. **Fascell**. As a matter of fact, of course, that office reported directly to the NSC, or at least was coordinated by the NSC. Did you know that?

Secretary **Shultz**. Well, there is—I have learned more as a result of your probing than I knew at the time, but there was a coordinating group, and that was set out and, as I said earlier, the chairman of that group was a member of the NSC staff.

Mr. **Fascell**. Well, now, isn't it a fact that the Office of Public Diplomacy for Latin America and Central America was separate and apart from the Office of Public Diplomacy?

Secretary **Shultz**. Yes.

Mr. **Fascell**. Two separate institutions. Now, did you consider that in this case that there was an unnecessary duplication?

Secretary **Shultz**. It has been somewhat troubling me to look at the various places where things get done. In the Under Secretary's office, there is also a Public Diplomacy Unit that emerged following the, I think following the President's speech in London on the freedom theme, and a number of things have grouped around it, grouped around there, and there has been a group working, and that has been separate.

So, in trying to work at the organization of things, there is now an effort under way by our Assistant Secretary to group things more in the Office of Public Affairs.

Nevertheless, I think there was felt a need to do something special.

Mr. **Fascell**. Special.

Secretary **Shultz**. And that seemed like a sensible thing under the circumstances, and I think it was on the whole a pretty good operation.

Mr. **Fascell**. No, no. Well, now, you say what you saw was a work product, so you couldn't manage everything that these people did. As a matter of fact, Ambassador Reich and his deputy, Jonathan Miller, had very super-frequent contact with Colonel North.

Were you informed of what they were doing at all? Do you have any idea?

Secretary **Shultz**. I couldn't supervise their day-to-day activities, of course, but I think in the context of a government effort of which they were a part coordinated in the manner that you and I agreed, you would expect them to interact with people in the NSC staff, nothing unusual about that.

Mr. **Fascell**. No, it is not. Except looking at the material and the evidence that we have, it looks like actually the whole thing was being run by North out of NSC. That is the only point. Were you aware that the LPD contracted for the services of International Business Communications, that is Frank Gomez and Rich Miller, and/or the principals or the subsidiaries for seven contracts, amounting to $441,000, more or less?

Secretary **Shultz**. I was not aware of that at the time, but, Mr. Chairman, as this subject has come up, you have, your committee has had an investigation going with which we have, I believe, been fully cooperative, and as questions—when questions arose on the advice of my legal adviser, I asked our own Inspector General to look into the matter, and he has made me a report on it, and I have that report now.

It has just come in, and I am glad to make that available to you, if you would like to have it. Or maybe you already have it.

Mr. FASCELL. Yes, Mr. Secretary. There is the report there. But, you know, you have cooperated, but I must tell you, as I have told you before, it has been like pulling teeth to get this information.

We started with press reports back in January or February. We are now in July, and the Inspector General has rendered his report. We got our last copy of the requested contract about a month ago. It has taken us 5 months to get something we could have gotten in 5 minutes, you know.

But I raise that only because it is important in this relationship with Congress not to lose sight of the fact that we have a responsibility, we are trying to provide the money to operate.

We have got little enough money as it is, you know, and the question that arises while we are closing down consulates all over the world, because we don't have money to operate, in our zeal to get this information across to the American people and the Congress of the United States, which is OK, I mean it is a very important subject, but nevertheless, under the circumstances that exist of turning to private contractors to perform the service when all of that capability exists in-house is a very questionable matter.

Secretary SHULTZ. Well, Mr. Chairman, I think, if I can describe this, as I now understand it, when the office was first created, it obviously, it suddenly had responsibilities and things to do expected of it, and it was just getting started. It didn't have any way of doing these things and so it contracted out to get them done; some of them. And leaving aside the question of contracting procedures for the moment, that was a perfectly sensible thing to do, and that was done.

Mr. FASCELL. Except——

Secretary SHULTZ. As time went on and their capabilities built up, I think as the Inspector General says, it was too slow to terminate that contracting out process. And also in the process the Inspector General has informed me in that report some material was classified that shouldn't have been classified.

Mr. FASCELL. It was one of the contracts——

Secretary SHULTZ. And there was a very poor procurement process involved. So he has reported on that, and I think that it is an investigation from which we can learn something about our procurement procedures. We don't procure a lot of things in the Department of State. It wasn't done well.

Mr. FASCELL. That disturbed us too, because what happened is it was sole source reporting and one of the contracts was classified secret and there was absolutely no reason in the world to classify that secret.

Secretary SHULTZ. I agree with that criticism and the Inspector General does and I acknowledge that.

Mr. FASCELL. The reason it was raised, however, is everything else that was going around this contract. In other words, here you had Spitz Channell as a private fund raising organization as part of this effort to educate and lobby the Congress getting private funds and raising a lot of funds and funds being used, advertised against

Members of Congress, to do whatever else you do in a public education program, but a lot of that money went into IC, was funneled through them at the same time they were getting a State Department contract. That's the real question mark that is raised and I'm not saying that anything was done that was illegal, but the money was commingled. They were performing services for the Government under somewhat questionable circumstances on one side, and tying it in with privately raised money on the other side used for perfectly legitimate purposes trying to get Congress to feel the heat, but part of that money also then winds up in offshore bank accounts in the Caymen Islands, and part of it winds up in Lake Resources, so this whole tie-in begins to look like something that needs stronger consideration.

Secretary **Shultz**. So it was—as soon as I found out about these possibilities, Mr. Chairman, I put the Inspector General on it and he has investigated it. And he has made quite a few critical comments about the process from which we can learn. One of the things that he concludes in that report is that there's no evidence that the money contracted for with respect to the contract with the State Department was used in the manner that you describe, recognizing that there is a fungibility of funds, but the accounting and so forth was done in such a way at least the Inspector General concluded—

Mr. **Fascell**. I'm glad the Inspector General could do that. The only point I'm making is the money is fungible and it became very questionable, that's all. As a matter of fact three of the individuals who were involved in all this and properly so, I certainly can't complain about it, but it's just interesting to note two of them became ambassadors. One went over into the White House and quit when he found out, when it was determined he was cashing checks for Ollie North along with Rob Owens.

Secretary **Shultz**. Before he did that he conducted guerrilla warfare against me. I agree with you.

Mr. **Fascell**. I understand that. He wound up in the White House interfering with your travel plans.

Secretary **Shultz**. I'm sorry I brought it up here. It got too much attention. It's just an example.

Mr. **Fascell**. Now, we were told that the Director of this operation had a secure telephone in his office, and he was in constant contact with Colonel North. Can you imagine why in that particular Office of Public Diplomacy you had to have a secure telephone?

Secretary **Shultz**. I don't know the ins and outs of how that arrived, but secure phones are common, particularly, and no doubt an office like that would come into possession of classified information and would need some capacity to talk about it on the telephone. We all have secure phones.

Mr. **Fascell**. Well, when we——

Secretary **Shultz**. And we ought to be, we ought to discipline ourselves to use them more.

Mr. **Fascell**. Even between officials in the Executive Branch.

Secretary **Shultz**. Absolutely. That is the whole purpose of the secure phone is so you don't get overheard, and elaborate precautions are taken in my case when I travel, or anything, to try to provide not only a secure phone but a secure environment in which that phone sits.

Mr. **Fascell.** I can understand why the Secretary of State would need a secure telephone. I can't for the life of me imagine why somebody in the Office of Public Diplomacy needs one who is supposed to be public and getting all the information out to educate the American people and lobby the Congress. I mean, how can you do that secretly?

Secretary **Shultz.** I don't know the answer to why it was decided that a secure phone, how that's done office by office all over the State Department. But there is a need when somebody will come into possession of classified information and may discuss it with others to have a way of doing it, other than going to see them in his office, and that is what a secure phone is supposed to provide.

Mr. **Fascell.** Well, I don't want to prejudge this at all, but it seems at least right now that to me it has the appearance that the Office of Public Diplomacy and the NSC were partners in running an operation with a lot of private organizations out here and that may be fine. I don't know how far you can go with that, but you have two curious or several curious things involved. One is that they are getting contracts under the circumstances which the Inspector General has pointed out; the other is all these outside organizations who were raising and funneling money for arms and weapons, they were targeting Members of Congress for television ads and trying to get us to feel the heat, they were organizing briefings and meetings all over the country, again legitimate, all in coordination; however, this was——

Secretary **Shultz.** Briefings are——

Mr. **Fascell.** All I am saying is——

Secretary **Shultz.** Targeting Members of Congress is not a legitimate function.

Mr. **Fascell.** Well, it is for private organizations.

Secretary **Shultz.** But not for a publicly funded operation, and that's where an effort was made to draw a line. Whether it was successfully done or not, I asked the Inspector General to look into it, and he has, and you have his report.

Mr. **Fascell.** I understand that, Mr. Secretary, and I appreciate the fact that you turned your Inspector General on it, and we are glad to have it, and I hope the matter has been resolved and ultimately every dollar that was spent will have been properly disposed of.

But the appearance still remains, at least to this member, that what we had here was a totally controlled massive effort to go with the Iran arms sale, Contra diversion fund operation, managed out of the White House and with or without your knowledge and consent using an office in your department as part of that effort. That is all.

Secretary **Shultz.** Well, that is an idea that you have and worry about. I can understand that. And, as I have discovered this potential problem, I had it investigated, and I didn't realize the report had been distributed. But at any rate, I am glad it has and that you have it. Maybe it was leaked to you. However, you got it, I am glad you got it, and I hope you find it useful.

Mr. **Fascell**. Mr. Secretary, it is only because I have always just about have been persona non grata with your department in an effort to get the information dealing with this very small little amount of money, 440 some thousand bucks, but it simply points out, once again, one is the totality of the control over this operation; the other, it raises the question again about the relationship of Congress.

One of the important factors raised in these entire hearings having to do with why the hearings were even held is because of the relationship that is necessary between the Congress and the Executive Branch of government, and we cannot keep fostering this idea that Congress is some kind of an unnecessary branch of government that should simply rubberstamp everything that the executive does.

Secretary **Shultz**. You have never gotten such an idea from me in 10½ years as a member of the Cabinet. Ever.

Mr. **Fascell**. That is true, Mr. Secretary.

Secretary **Shultz**. Although sometimes you do things that I think are wrong, but that is life, we argue about them.

Mr. **Fascell**. I just got the impression from time to time you just felt that Congress was an unnecessary pimple on the path of progress.

Secretary **Shultz**. Well, those are your words, Mr. Chairman, not mine.

Mr. **Fascell**. Mr. Chairman, thank you. I will reserve the balance of my time.

Chairman **Hamilton**. We will take a recess now for 10 minutes.

[Recess.]

Chairman **Inouye**. Senator Trible.

Chairman **Hamilton**. Senator Trible, if you will excuse me, it is the intent of the chair to go until 12:30 and then to resume at 2:00 o'clock.

You may proceed.

Mr. **Trible**. Thank you, Mr. Chairman.

Mr. Secretary, over the last several weeks, we have heard from a number of would-be Secretaries of State. I am mighty pleased Reagan chose George Shultz.

I also want to thank you for a powerful soliloquy yesterday on democratic values in government. It was something that we all needed to hear and I hope along with each of us many of our fellow citizens as well.

Very sadly, though, Mr. Secretary, I think your testimony yesterday also underscored that neither the President nor you as Secretary of State were told the truth about important activities of the National Security staff, and clearly that is not right, it is not the way to transact the peoples' business, and it doesn't work.

It makes it virtually impossible to shape coherent and successful public policy and you underscored that point yesterday in your testimony.

Let me ask you a couple of questions if I might. Admiral Poindexter in his testimony before us was highly critical of the press, the Congress and the State Department.

For example, he said the State Department offered no leadership in extricating the hostages and was unwilling to develop innovative programs to tackle the problems facing the President.

Let me read you his words because I think in fairness you should have the opportunity to respond.

In response to a question posed by Mr. McCollum, the gentleman from Florida, on July 21st, Mr. McCollum asked, "I am curious if Secretary Shultz or Secretary Weinberger offered the President any alternatives for getting the release of our hostages, alternatives to this Iranian initiative. As I recall, you said the President had expressed a desire to explore every avenue possible to get the hostages back. Did they offer any alternatives to the President?

"Mr. Poindexter: They did not.

"Mr. McCollum: At any time after that, did they?

"Mr. Poindexter: No, nor to my recollection any time before that. The NSC staff, I feel, was the driving force from the very beginning in trying to figure out how to get the hostages back. I don't mean to imply that other Departments and other officials were not concerned about the hostages, but very frankly, I don't recall a single recommendation from those two Departments on initiatives to accomplish that objective."

Surely that can't be the case, Mr. Secretary.

Could you respond?

Secretary SHULTZ. There is an ongoing program to find out through direct contacts, through intelligence, in any way we can, information about our hostages, to see if we can find out where they are, to talk to people who may have information about them, to stay in touch with the families so that they know always that there is some place, there is a person in the Government who is trying to keep track. It is hard. It hasn't been successful in the case of those held in Lebanon.

On the other hand, it has been successful in other cases. For example, the efforts to get out the hostages that were held on that TWA plane were basically—that was basically done under the President's direction right out of my office, and with very impressive professional work by our people in the field, and if you talk about somebody coming through under pressure, as it turned out in that case, a key was our contact with President Assad in Syria. By chance, the Ambassador was not there, so it fell to the person who was the charge', who I'd never heard of, to undertake an extremely difficult, delicate piece of diplomacy. And then it emerged there was a woman there named April Glassby, who was just great, and she is a little-known but I think genuine heroine of that whole effort, and she's a Foreign Service Officer, and a darned good one.

But I look at the brilliant innovations that were produced, a terrific idea, let's trade the Dawa prisoners for the hostages—fantastic. Lord deliver us from such bright ideas as that.

But it is hard. You know, there are held in and around Beirut probably, there are, I think, 24 hostages, nine of whom are Americans. There are eight other countries that have hostages there. It is very frustrating and it is—and we wish we could find the answers to how to get them out, but I don't think the answer is to give the hostage-takers what they want in terms of things like releasing the murderers who are being held in Kuwait. That is not an answer; that is not a bright idea.

Now, as far as other things are concerned, the fight to do something about terrorism under the President's direction has been led right out of the State Department. We have been very strong and determined, and we have made a lot of headway for the United States and other countries in that fight.

The work with the Philippines—under the President's direction—was basically done right in the State Department and we were fortunate we had an excellent Ambassador there. We had a former Ambassador as under secretary, we had a chairman of the Joint Chiefs who had been CINCPAC, all very familiar with the situation. It was a good operation.

So to say that I or others in the State Department never had any ideas or never did anything, I just don't accept that as a description of the reality. But as far as the hostages are concerned, we try and try, but obviously we haven't succeeded.

But the brilliant ideas cooked up by the NSC staff are not the answer. They are—that was a catastrophe.

Mr. TRIBLE. Mr. Secretary, let me move on. There have been a number of questions raised about your knowledge and participation in the solicitation of moneys from Brunei and there is a PROF note that I think confirms what you have said, and thus far it has not been pointed out and I would like to do so at this point.

It is exhibit no. 28, which is a communication between John Poindexter and Oliver North on June 10, 1986. As you are turning to exhibit 28, let me read to you from that PROF note. And I quote: "To my knowledge, Shultz knows nothing about the prior financing. I think it should stay that way. My concern was to find out what they were thinking so there would not be a screw-up. I asked Elliott at lunch. He said he had recommended Brunei, where Shultz is going to visit. They have lots of money. It seems like a good prospect. Shultz agrees. I asked Elliott how the money could be transferred. He said he thought Shultz could just hand them the account number. I said I thought that was a bad idea, not at all letting on that we had access to the accounts."

Would you like to respond to that?

Secretary SHULTZ. Well, I don't think it needs any response. It is just another example of the kind of deception that was practiced, because our information was that that was an account number belonging to the Freedom Fighters, and the money would go to the Freedom Fighters. They gave us that impression knowing, according to that note you just read, that the account belonged to them or their partners. And I could only react when I saw the hearings, in describing how this money was supposed to be handled, that I was glad that the numbers or something had been transposed and they didn't get their hands on it after all.

Mr. TRIBLE. Mr. Secretary, let me move on to a final question.

Secretary SHULTZ. Sometimes I feel like I would like to wring somebody's neck.

Mr. TRIBLE. Admiral Poindexter told us that he did not talk to the President about the diversion of funds to the Contras because, in his view, it was unimportant, a matter of implementation, just a detail. Do you share that analysis? Shouldn't the President be told about that kind of decision?

Secretary SHULTZ. I think it is the responsibility of someone like myself or in the position of the National Security Adviser to seek the President's decisions. That was a very big thing and, in my opinion, a very wrong thing. So to decide on behalf of the President not to tell him about it is totally wrong.

I think that the more controversial in a sense something may be, that you as a person in charge of some operation want to do, the greater your responsibility to point up to the President exactly what is controversial about it, not to try to—in this case, the decision was not to tell him at all but you can imagine people going in and sort of passing something by the President in a way that he perhaps doesn't quite see in a busy schedule the significance of it. But I think the more controversial it is, the more it is your responsibility to point it up, because, as we all know, and as I keep saying here, it is the President that got elected, and so he is the guy that gets the right to make the decisions.

Mr. TRIBLE. Thank you, Mr. Secretary.

Mr. Chairman, it is not my intention to prevail any longer on the Secretary, but I would like to add just a personal observation at the end.

Mr. Secretary, your actions and your testimony before this committee vividly demonstrate that public service can be rooted in principle and graced by nobility. To the degree that the purpose of this committee was to ascertain the truth we have been remarkably successful.

But uncovering the truth has been for many of us a dismaying and dispiriting process. The distinctiveness, the decency of public service have been subordinated to the requirements of bargaining in Middle Eastern bazaars.

Those who wielded considerable power and influence readily admitted that principles were sacrificed to expediency. We have been presented two very different views, visions of America, truth and falsehood, consultation or compartmentalization, accountability or deniability, trust or suspicion.

Your appearance before this committee is an eloquent refutation of the doctrine of political cynicism. Also, sir, as you have indicated here, our Nation has enjoyed a significant number of foreign policy successes under the leadership of Ronald Reagan.

We have seen the resurgence of freedom and democracy in the Americas, the liberation of Grenada, establishment of democracy in the Philippines, a significant movement now toward political freedom in Korea.

The administration has won support for anti-Communist Freedom Fighters in Afghanistan, Angola, and Nicaragua, and there is now before us the potential for substantial reductions in nuclear arms in the hope that we can make this a safer and saner world.

Those are hard-won goals, yet a strong President, Ronald Reagan, aided by an able Secretary of State, George Shultz, achieved success time and time again, and you have done that by means that undeniably conform to the requirements of our law, our Constitution, and our political tradition.

That must be our future as well as our past.

Mr. Secretary, these 2 days, millions of people have seen you, and they have come, I think, to see you just as we know you. You are a good and honorable man, and for your leadership, for your service and for your wise counsel, every American should be grateful. And I thank you.

Secretary SHULTZ. Thank you, Senator.

Chairman HAMILTON. Mr. Hyde?

Mr. HYDE. Mr. Secretary, a slight change of pace. I may sound like a—like a Democrat, but—and I most certainly am not, as some know, and I think you have painted a picture in its darkest terms of a foreign policy in disarray, there is no gainsaying that, a President——

Secretary SHULTZ. I certainly have not. I have to tried to paint a picture of a foreign policy that is strong and successful, and we have a problem here that you have been investigating where things went badly, but the general foreign policy picture is a very strong and positive one.

Mr. HYDE. Let's just say a significant part of a great foreign policy was in disarray, operating out of the White House by an admiral and by a lieutenant colonel, and cutting you out of a significant part that had potential for World War III, was in disarray.

That is my assessment of it, perhaps not yours. Then you have painted a picture of a President impervious to your arguments and Secretary Weinberger's arguments on why this was a terrible idea.

Secretary SHULTZ. It is a fact that arguments were made to the President, he decided otherwise, and that is his prerogative. You wouldn't want a President who just always goes along with whoever argues with him.

He is a strong-minded person, and I admire him for that.

Mr. HYDE. I hope nothing I have said ever indicates that I would want a President who could be swayed by anybody against his own convictions. I like people with the courage of their convictions, sometimes even if they are wrong.

You have told us that you forcibly went to the President, you made every argument that you could that this was a terrible idea, and the consequences could be disastrous, and he preferred to do otherwise.

So, as I see it, on one side, there is yourself and Secretary Weinberger, and let me stipulate you are absolutely right, and the other side was absolutely wrong, so make no mistake that I am defending what I think is really indefensible.

Secretary SHULTZ. If what the President had in mind had come off by some chance, although I thought the chance was slim to nonexistent, but if it had come off, you would all be singing his praises as having taken a chance and won.

Mr. HYDE. I think that was the charm of the operation. I think the luck of the Irish, it was proved that is not infallible, because you had Director Casey, President Reagan, John Poindexter and Colonel North, who are less leprachaunish than the other two——

Secretary SHULTZ. I want you to know my wife is Irish, so be careful.

Mr. HYDE. I new there was something else I liked about you, Mr. Secretary. It seems to me, though, and of course, we will never know, but by a process I hope of inductive reasoning that Bill

Casey was the heavyweight who influenced the President—you were against it, Cap Weinberger was against it—somebody had to be for it, and it would seem to me, but we may never know, that Mr. Casey thought this was doable and like a pool shot, with one shot you could open to Iran, get the hostages back, and possibly keep the Contras going in between the illucid moments of Congress when they were vacillating.

So, that was what was going on. And as I see it, now, it may be too simplistic a line-up, but in any event, let's proceed from there.

I think we can all criticize, I don't know anybody who doesn't criticize the judgment of Admiral Poindexter and Colonel North. Their judgment was absolutely flawed in many ways, and we needn't resist that, but I don't think we can criticize their commitment. They were committed to this, they thought this would be a great thing for their country and they were committed to it, judgment flawed, commitment, in my judgment, admirable.

As a matter of fact, they were willing to risk their careers and reputations for a very long shot, high-risk series of initiatives.

Mr. HYDE. Now, Mr. Secretary, I can't escape the notion that had you opposed this flawed policy and were willing to resign over this policy difference as Secretary Vance resigned or over a policy difference with the previous President. You could have stopped it dead in its track and if you couldn't, you and Secretary Weinberger sure could.

Now, it is easy to be critical of you talking to the President and not saying, "Mr. President, if you do this, because I love you and respect you, you got to do it without me and you got to do it without Cap."

I cannot believe if you had been that forceful and that committed to opposing this flawed initiative as much as Poindexter and North were committed to advancing it, you couldn't have stopped it dead in its tracks and I ask you if that is not so.

Secretary SHULTZ. I doubt it very much. And I will describe to you my own thinking and course of action.

As I have thought about and looked at what happened, there is a sense in which it falls into in a sense three time periods. And I, as the testimony here has brought out, was opposed to this from the beginning, really even before the President got engaged in it, and I won't go through all of the sequence that has been gone through here.

The first period was from sometime in the middle of 1985 through, say, the middle of December 1985.

During that period, I unearthed it, I opposed it, I thought I had taken part in killing it on more than one occasion. I saw a draft decision that I disagreed with in writing.

I argued with it in cable traffic when I was away, and I argued against it with the President on two occasions that I recall precisely because of my notes, and I was joined by Secretary Weinberger and in the end, as it turned out, the President agreed with us in the sense that he dispatched Mr. McFarlane on his mission to London with the kind of instructions that we thought were proper.

So something came up, it was a strong proposal, it was clear as it went on that the President had a desire to do it, and I didn't just say, "Well, you seem to be leaning against me, I am going to resign."

I thought about it, and I don't say I prevailed. The President listened to everything and he decided what he decided. So that is episode No. 1.

I don't think—would you have said that I should have sat there on December 7 in the White House and said, "Mr. President, I see you are wavering and if you should decide against me, good-bye?" That is not the way to play this game at all.

I am there to help the President, not make his life more difficult.

Let me have a second episode and then a second episode and third.

The second episode goes as I see it between early January 1986 and late May-early June or so, in my way of thinking.

There we had a proposal made brought to us by the Israelis which became the topic of a meeting, and I took a position in that meeting, and so did Secretary Weinberger, and while there was no decision made at the meeting that I recall, I certainly did have the sense that Secretary Weinberger and I were on one side of the issue and everybody else, including the President, was on the other side, and that somehow or other this was going to move ahead.

So again I didn't say, "Agree with me or good-bye." And I don't want to sort of overplay this, but I keep trying to call this committee's attention to the fact that there is a lot more going on around the world than this particular set of events, and we were heavily engaged under the President's leadership in doing a lot of things that were very positive.

So always in the question of whether you resign or not is the question of the chance to help the President accomplish some positive things, plus the fact, as I have said here, nothing ever gets settle in this town, and you can say, "I will give up and leave or I will stay and fight."

So in this case, obviously after the January meeting, I was surprised really at its outcome, but I stayed and waited. I made a statement to Admiral Poindexter which we reviewed here that I wanted to be informed of things that would affect my job as Secretary of State, but as he pursued this, the operational details that he would have to do, he didn't have to inform me about that, and I explained why I said that.

It went back to the question of the major argument that we had about the use of lie detector tests, and I recognize there are many people here, maybe all of you think that we should give lie detector tests to everybody.

I noticed that the House of Representatives voted by a large margin to single out a group within the State Department and insist that they all get lie detector tests. I frankly think that is outrageous.

Mr. Hyde. Mr. Secretary, if I could intrude for just a second.

Secretary Shultz. Well, you want me to answer your question or not? I'm trying to answer it.

Mr. Hyde. I would like you to answer the question and not talk about some legislation that we passed singling out the State Department. I would like to get back to the use of a meaningful threat to resign as a deterrent to a flawed policy, as we have ballistic missiles on the hope that we'll never use them. It would seem to me that you and Secretary Weinberger, as being number one and number two in the Cabinet, if you both said, "Mr. President, this policy is a disaster and we hereby tender our resignations, it is so bad"—I would hope he would not accept them. I don't believe he would, but I think it would have been a very forceful way to bring home to him the consequences of what he was doing. Yes, there were other things going on, but you——

Secretary SHULTZ. I didn't rest my answer entirely on other things going on, although I think it is quite relevant when you see the kind of accomplishment that President Reagan has led us to, to feel that—and you have a chance to play a part in it—to feel that that is a worthwhile thing. However, insofar as this particular initiative is concerned, there was this period between early January and late, end of May or so, along in there, where something was going on.

I had made a statement to Admiral Poindexter that I've explained why, and then various things came my way. From time to time, I asked him, "What's going on?" And what I got was not candid. And then I received information about, as we testified here, I testified here about the mission to Frankfurt initially proposed. And I asked that there be written instructions, and that was done, and I saw them and I thought they were perfectly proper, and if what was described to me by Admiral Poindexter had actually taken place, it would have been terrific. And that fell apart. And I—so my assumption was there's nothing going on here. I did not know that there had been a Finding, and my assumption was they are doing things but they aren't getting anywhere, which is what I thought would likely be the case anyway.

Then I get this cable when I'm in Tokyo about this deal that was apparently proposed, and that was a specific thing, and I was surprised by that and upset by that, and I marched over to the Presidential area of the hotel and I talked to Don Regan and, at some point in through there, John Poindexter; I was told by Poindexter, "We are not dealing with these people, this is not our deal." And what do I find out in the course of your investigation here? I find out that the next day, I guess, or shortly thereafter, Admiral Poindexter is sending Colonel North off to do something that looks suspiciously like the deal that he denied, and telling Colonel North, "Now the last thing in the world you want to do is don't go anywhere near the mission in London." But he gave me reassurance it's not our deal. And I objected. I didn't throw that cable away; I did something about it.

And then comes early June, I guess it was, or sometime in there, when it became known to me, I don't recall exactly how it became known to a number of people that there had been the mission to Tehran, and it had fizzled, and Admiral Poindexter told me then the whole thing had been told to stand down. So at that point, I don't have anything to resign about.

Subsequently, a couple other things took place that gave me the feeling as I've described them here, that we were going forward with the effort with Iran, which I thought was something worth doing—I always did—in a proper way. So I have no, no problem.

And I thought, not that I had won but that the—this is the way it had come out.

So that is my line of reasoning, Congressman, for whatever it's worth. But, as I said yesterday, I don't think you can do a job like mine well if you want it too much. And I have never hesitated in my time in the Cabinet to speak up to Presidents or to resign, if I felt the situation warranted it. In this case, I looked at it the way I did.

Now, I said right here in this room the first time I testified on this subject in public session, I said, "I don't give myself A-plus in all this," and I looked and I asked myself, did I do enough, could I have done more?

But I have to tell you, Congressman, that as this hearing has gone on and I've seen in the form of these PROF notes and so on the systematic way in which the National Security Council staff deliberately deceived me, I might say long before I made the comment to Admiral Poindexter about not needing to know about the details, this was not something that started after that, long before and afterwards, that my sense of "did I do enough" has to a certain extent given way to a little edge of anger about it.

So anyway, that's my story and there it is.

Mr. HYDE. Well, Mr. Secretary, let me just say this. Your advice was the sound advice and the right advice, and might have saved an awful lot from happening that we're not through with yet, and it is simply my position that I wish you had done everything humanly possible, and you have indicated that you think you did, although on the 21st of January when you testified, you said you should have been more aggressive in probing this. But all I'm saying is—

Secretary SHULTZ. My colleagues say I'm too self-critical. I am. I worry about these things. And as I say I don't give myself A plus or anything like that in all of this. But, as I also said, I had no idea of the misrepresentations that characterized this whole thing. And in response to Senator Trible just now, not having to do with the Iran business at all but in response to a legitimate congressionally, statutorily proper solicitation of funds from Brunei, we were given a number to use and told this was a number controlled by the Freedom Fighters, and the note that Senator Trible read out showed that Admiral Poindexter knew absolutely well that they controlled that number or their colleagues did, and they were deceiving us.

Mr. HYDE. Mr. Secretary, my time is up. I just want to say I guess the bottom line with me is I'm glad you didn't resign, but I wish you had gone up to the brink. Thank you.

Secretary SHULTZ. I don't believe in threatening.

Chairman INOUYE. Senator Boren.

Mr. BOREN. Thank you very much, Mr. Chairman. Mr. Secretary, as you said there's other things going on in the world back in those times and other things going on in the world now. I had vowed I was going to pass my turn and try to move this along. There are other things I need to be working on. Like energy and agriculture, the other things my constituents are concerned about. But in all honesty, after listening to you both yesterday and today, I resisted the urge and the feeling that I should pass my turn because I had to express to you how I feel.

There have been times as I have been sitting here over the last many days in which I have been depressed about what's been going on in our government, concerned about it, worried about it. I've thought you know the American people are being confused by what's being said and done here, that they seem to be drawing the lines in the wrong ways. Here I sat as supporter of aid to the Contras and it's almost as if you couldn't be for the Contras unless you were for going around the law and the legal process. That's not the point.

I sit here as one who believes we have to have covert actions, that secrets have to be kept in this government. I'm adamant about it, I tried to change the rules of the Intelligence Committee to do something about it. But I sat here wondering whether the American people are being led to believe you can't have covert, secret operations and still have any accountability, and even knowing where the taxpayers' money ended up going by the time it ended up. I didn't believe that.

So as I've listened to you and as I've reflected on the common sense and decency that has been shown in your testimony, I have to tell you I have had the urge at times and I hope this will not sound overly emotional to simply stand up and cheer. And I hope that the American people have had that kind of feeling as they have been watching you.

I read an article the other day and I believe it was in the Boston Globe, an interview with the father of one of those brave young American Marines that was killed in the tragic bombing in Beirut, and he said he was having a hard time understanding how our government had made a decision to sell arms to terrorists who had some alleged involvement with that government in Iran. And I'm glad to hear that there was a debate and I'm glad to hear there were those who said you can't deal with terrorists on that basis, because I think the American people don't want to see us sending arms without a total change in attitude on the part of that government that held our own diplomats hostage and have dealt with terrorist groups like those who ended up murdering our heroic young Marines in Beirut, and I'm glad to know there was debate made about that.

I'm glad to know there is respect for the system and as I listened, if there is any one statement you have made again and again during this testimony, it's been the statement the President is the one that was elected by the American people, the President has the right to make the decisions. And as you have said, the truly loyal staff member to the President is the one that gives the President the advice and let's the President make the decision.

And I sat here troubled, and I'm not asking you to comment on this, I sat here very troubled as I heard Admiral Poindexter say that he himself had taken on the power to make the most controversial of all decisions without even telling the President, and I wondered to myself sometimes as the American people are watching these hearings, are they simply thinking we are here like some children on the school ground saying, we're mad that Congress because we weren't told because we in Congress have our prerogatives? Or we're mad because the President wasn't told because he is an elected official or we happen to like Ronald Reagan and we want him told everything? That's not the point. I wonder if the American people realize that the person from whom power was really being stolen in this whole process was the people themselves? The only way the people have to control their government is through the ballot box, they elect people. That's the only control they have over their government. And if bureaucrats take all the power away from the elected officials and make all the decisions for themselves, people don't have any control of their own government again. And I hope it will begin to make the American people angry. They voted for Ronald Reagan, they didn't vote for John Poindexter. They didn't have any say in decisions he made and I hope they'll understand that as we are on this committee expressing concern about elected officials being involved and appropriate constitutional officials confirmed by the Congress of the United States and operating under the orders of the President, I hope they realize it's their own power, it is the power of the people we are looking after. And I think you have made that point very clearly.

You have recognized that it was the President of the United States, because he was the one that was elected, that should have the right to be informed about what was going on and to have the right to make those decisions. All of us here have staff members who work for us, and I can tell you how I feel about staff members. I think those that are truly loyal are the ones that will tell me the truth, give me all the information, and never presume to make decisions for me. That is the definition of true loyalty.

It is your friends that can get you in trouble sometimes, sometimes mistakenly by not telling you what you need to know, and I think you have been an example as a public servant, one who has exercised that responsibility wisely and well.

Then, last, I simply want to thank you for something else. Thank you for the challenge that you have given to us in the Congress, the challenge to try to work together as one team with the President for this country. A lot of wars we would like to end around the world that are important for this country to end, the war between Iran and Iraq. Our young Americans are in some jeopardy now, because that is going on. It is a very tense situation. We would like to see it ended, we would like to see the hostilities in Central America ended.

But I think the war the American people would most like to see ended is the war between the two ends of Pennsylvania Avenue, the war between the White House and the Congress. And I think they realize when we are divided before the rest of the world, our national interests are really hurt.

I happen to be a Democrat. But we only have one President of the United States. He is going to be in office until January of 1989. His name is Ronald Reagan, and he is a Republican. And I hope he succeeds not because he is a Republican, but because he is the President of the United States. And you have challenged us to try to get back together, you have talked about the check and balance system. That is what the framers set up. That system works very well to assure accountability.

It also puts a special obligation on us to try to work cooperatively together. We have to work harder than they have to do in a Parliament system. We have to work harder. We have to reach out on this end of Pennsylvania Avenue, and the President has to reach out toward us. And the challenge that you have given us to do that, put aside being Republicans and Democrats, Members of Congress, members of the Executive Branch and work together for the American people, is a challenge I hope we will take up.

Senator Cohen and I talked on the floor of the Senate last night about our discussions with Senator Baker, the White House Chief of Staff, Mr. Carlucci and others, as we are working together trying to build a common approach toward how we deal as partners, the White House and the Congress, on sensitive national security matters. I want you to know we have heard your challenge, we are going to work to meet it, we are going to work together for the American people.

And while I haven't stood up in my chair and applauded what you have said to this committee and what you have said to the country and the reassurances you have given to us as a public servant, I hope you have felt not only my appreciation but the appreciation of the American people as well. I am sorry that I wasn't able to resist making this speech, but I hope that the words I have spoken will help us meet the challenge you have given us.

Thank you very much.

Secretary SHULTZ. Thank you, Senator, for a very eloquent statement.

Chairman HAMILTON. Mr. Rodino.

Mr. RODINO. Thank you very much, Mr. Chairman, Mr. Secretary.

Mr. Secretary, on the occasion of your January 17 meeting, I believe that you made your views strongly known that the Iranian arms sale proposal was both unwise and illegal, and there was no doubt that you gave this statement and hoped, however, that together with that, that you might have been brought into the process, and you have testified the other day that under the normal way that a Finding is produced, both legal and policy people look at it, the State Department, the Defense Department, and the Attorney General as the chief law enforcement officer.

Let me ask you this: The Attorney General, did he participate in providing legal advice which you considered improper, unlawful?

Secretary SHULTZ. No. As far as I can see, and as I have testified, I didn't take part in meetings about that Finding. But nevertheless, the Attorney General was apparently part of that process, and the Finding that was produced was on its face a perfectly good document.

Mr. RODINO. Well, did he provide——

Secretary SHULTZ. To render a decision about it, or give a legal opinion about it, that is not for me to do. As far as I can see——

Mr. RODINO. I asked whether or not he did give a legal opinion, because you stated that you considered that illegal and unwise.

Secretary SHULTZ. I was not commenting about a Finding, because I didn't know there was one. I was commenting on the general structure, and I was making a layman's point that it seemed to me there were legal problems connected with it which we have reviewed, the Arms Export Control Act.

Mr. RODINO. Well, wouldn't a Finding——

Secretary SHULTZ. And of course, if I had been told in that meeting that a Finding had been produced that satisfies that problem and the Attorney General has so ruled, I wouldn't have made the argument I made.

So, I guess about all that shows was that I wasn't aware of the Finding.

Mr. RODINO. But wouldn't a Finding have been predicated on something you considered totally illegal and unwise in the first place, and therefore wouldn't the Finding be flawed and wouldn't you be interested in finding out whether or not there was a legal basis for that Finding?

Secretary SHULTZ. Well, as I understand it, this is after the fact as people have given the legal reasoning of this Finding, that it is a proper conclusion under the circumstances or proper legal Finding that the Finding under the, whatever it is, the Intelligence Act, I guess it is, would make these arms sales legal, even though if it were just the Arms Export Control Act, they wouldn't be legal.

That is, as I understand it. Now, if we are going to get into a legal argument, I think I will bow out, but this is——

Mr. RODINO. I don't want to——

Secretary SHULTZ. This is the way the argument structures itself, as I understand it, and it is a perfectly good argument, and I think, as it has been recounted to me, goes back to a ruling made or an opinion given by the Attorney General back in 1981, a different Attorney General than Attorney General Meese.

Mr. RODINO. Are you saying, Mr. Secretary, or do I understand you correctly that Attorney General Meese did give you his opinion as to whether the Finding was legal?

Secretary SHULTZ. What I recounted to you was, A, what I got from discussion of this Finding subsequent to all of this was the fact that the Finding came out and as the nature of the Finding was explained.

This is not something that I went through at the time, because I wasn't involved in the development of the Finding. I didn't know about it. But since that time, as it has come to light, and we have had discussions, the legal theory, I guess you would say, of the Finding has been explained and I guess it is solid, as I understand it.

But you, in this, need somebody other than me to talk about the legalities.

Mr. RODINO. Well, wasn't the normal way as you testified yesterday that you be brought in as the Secretary of State, into the process of producing a Finding?

Secretary SHULTZ. That is a different question and I think that the right way to produce a Finding is that the relevant—the agencies that are—certainly the ones who are statutory members of the National Security Council, and obviously the intelligence agencies, since they are going to be the operative in the covert action, consider both the policy side and the legal side of the action, and each department has its legal adviser or general counsel, and people to consider the policy side, and those things are developed, and then it is put before the President and people say whatever they have to say about it and the President decides. That is the process. That process wasn't followed in this case.

Mr. RODINO. In other words——

Secretary SHULTZ. That doesn't make the Finding illegal.

Mr. RODINO. In other words, you were cut out of the process at that point?

Secretary SHULTZ. Yes.

Mr. RODINO. Let me ask you, Mr. Secretary——

Secretary SHULTZ. At least that is the way it seemed to me. I guess Admiral Poindexter has testified otherwise, but I certainly had no knowledge of that Finding.

Mr. RODINO. Did you speak to the Attorney General on November 20, 1986?

Secretary SHULTZ. Well, was that the date in which he interviewed me as he started his investigation?

Mr. RODINO. No, that was not. The date on which he—he interviewed you on the 22nd.

Secretary SHULTZ. Well, I would have to look at my records. I don't know the answer offhand. But I have a record of my schedule on November 20th, and——

Mr. RODINO. Did you say anything to Don Regan about having talked to the Attorney General?

Secretary SHULTZ. I would have to look at my records and refresh my memory about my schedule on that date, and I have considerable records as I have testified, but I hesitate to just try to pull something out of the air here.

Mr. RODINO. If I suggested to you that you did talk with Don Regan and Don Regan would testify to that, that you discussed with him your conversation with the Attorney General pointing out various discrepancies and various factual errors in presentations that had been made, would you say that Don Regan is not telling us what actually transpired?

Secretary SHULTZ. Don't try to put words in my mouth. I am perfectly ready to look at my records on November the 20th. It is just that I'm not humanly capable of remembering everything about every day, and I have to look and see, and I have testified probably about November 20th, so if you will give me a moment to get my records and look, if I had a record with Don Regan that day I will see that and I will remember it, and I did testify about one I think but I don't remember whether it was November 20th or what day it was.

Mr. RODINO. You testified that you learned of the Attorney General's inquiry on Friday, November 21st, 1986, you have testified to that.

Secretary SHULTZ. Yes.

Mr. RODINO. Could you tell me when you learned of this inquiry, whom you were told by that this inquiry was going to take place?

Secretary SHULTZ. I don't recall who literally told me, but it was some time in the late afternoon or early evening on Friday, it probably came into my office that the Attorney General wanted to talk to me about an investigation that he was undertaking at the President's direction.

And so I agreed to meet with him, I think at 8 o'clock the next morning, which I did. That was a Saturday. It helps me a little to know the day of the week rather than the number, and I met with him I forget how long, an hour or so.

Mr. RODINO. Mr. Secretary, in your testimony you emphasized the fact that if the President were presented with the correct facts, that he would make the right decision.

Now, let me—let me first point to your chronology, which says that on November the 19th you had a discussion with the President. You told him that we have been deceived and lied to, and you have to watch out about saying no arms for hostages. You reminded the President about McFarlane telling you about a planeload of arms would go to Iran if hostages were released. The President told you at that time that he knew of that. And this is just prior to his press conference that night.

Now, my question to you is: Since you had expressed so strongly over a period of time that this sale of arms for hostages, sale of arms to Iran, is so wrong, could be a disaster, and the President was about to make a statement that night, a statement which would have enormous consequences, and you knew this didn't square with what you believed was correct, because you were being lied to, you said we were being deceived—now, don't you think that at that time, Mr. Secretary, either you should have suggested to the President, before you go on tonight there is this disparity, let us find out just who is right, who is telling you the truth, so that you can be saved from making such a terrible blunder in going before the American people and once more saying that you weren't selling arms for hostages, and that we will not—because that is the statement he made that night.

Now, I want to ask you, would that not have been a proper responsibility on your part, knowing how deeply you felt and the enormous consequences of a President going before the American people and being looked upon as lying or deceiving them?

Secretary SHULTZ. First of all, I want to comment on the President's soundness of judgment.

I have worked with him closely now for 5 years as Secretary of State, and earlier, during the campaign, and in various other capacities been with him as he has been doing things, and I have come to have a profound respect for his capacity to make good decisions and to be decisive.

He is not a trimmer. He looks at something and he decides, takes a position. And at least as I have observed it, his positions have been good positions, and they have worked.

So I consider the President—one of his outstanding attributes is his capacity for judgment and his willingness to be decisive and stand up to the decisions he makes. And he has made a lot of unpopular decisions, as you know, and in many cases people now—the things that he thought or said are part of conventional wisdom, and they were very controversial at the time he made them. So I have a profound respect for his soundness of judgment.

I didn't agree with his judgment in this case. The discussions that I had during this very dramatic period between when I got back from Vienna in the early part of November—and I suppose beginning with that November 10th meeting, on through until the revelation of the fund diversion, in that period—were very intense, and what we were differing about was not so much—was the perception.

The President's perception was that what he had authorized, and what he believed was taking place, was an initiative with respect to Iran, and there was the potential benefit from that of the release of our hostages.

And he had agreed—by this time the facts were more or less getting out—he had agreed that as a token—this is the way he looked at it—we should be willing to sell a small amount of arms. That is the President's perception.

My perception was agreeing with the general objective, that whenever I found out about anything specific, it was arms linked to hostages.

Mr. **Rodino**. Mr. Secretary——

Secretary **Shultz**. So that it was a difference of perception, and we argued back and forth about that.

Mr. **Rodino**. Mr. Secretary, you also, if I recall, stated that—these are not your exact words, but anyone looking at the record would agree that it was your position, which would be the position that everyone would see, and so I don't know how it squares with what you say when you say, putting the facts before the President, he makes the right decision.

Now, if you mean by saying the right decision he makes a decision that he considers right because he was so involved, so immersed in the hostage cause—I could appreciate that. But it seems to me that you put the facts squarely there, and if you are saying that he would make the right decision, then I just don't follow that reasoning.

Secretary **Shultz**. So be it. You are as tough to persuade as the President is.

Mr. **Rodino**. No, I just——

Secretary **Shultz**. I can't get through to you.

Mr. **Rodino**. Mr. Secretary, I am just following logic. All I can conclude is, very frankly, that the President was so immersed in the hostage cause, frankly, my opinion is that he was so sensitive to that issue, that no matter what you might have brought before him, I think that the President was going to come out saying that the presentation that was made, since he certainly didn't go along with yours, no matter how strong it was, no matter how well you presented it, no matter how you said on the face of the record, no one else could agree otherwise, it seems to me that that is the only conclusion that can come out.

Secretary **Shultz**. There was, Mr. Chairman, a very intense period between the early part of November, when the fact of an arms sale emerged, until whenever that date was that the President publicly put forward the fact that there would be a fund diversion—what was that date—November 25th.

Mr. **Rodino**. 25th.

Secretary **Shultz**. So, you have got a space there of, say, 20 days. It was a very intense period, and during that period, I had a number of sessions with the President in meetings, hearings, briefings and commenting on it, in my own meeting trying to make my point of view clear, in a meeting with him after his press conference in saying why I thought various things that were said were not correct, and I carried my argument into others that I thought might have some effect, and I talked to Don Regan, and I don't know whether that is the meeting you were talking about or not, but I tried in every way I could to present my point of view.

Mr. **Rodino**. Mr. Secretary, I am not at all——

Secretary **Shultz**. So, I did that. Let me finish up.

Mr. **Rodino**. My time——

Secretary **Shultz**. Let me finish. And so, in this very intense period and in this space, I and perhaps others, I don't know, but I was banging on the President very hard, and he came into this with a certain conception, but at one point, and this is not a long period of time, he apparently came to the conclusion—whether my comments had anything to do with it, I don't know—that there was something wrong, and so, he got a hold of the Attorney General, and he told the Attorney General, "Look into it."

And in the space of, I think, about 3 days, the Attorney General turned up the essential facts that are still the essential facts that you are talking about.

And as soon as the President saw the fund diversion, he immediately made it public, and he instructed me and everybody else, let's get out the facts, and we will just have to see where they take us.

So, I think the President's performance in this case—if you want to look around for a hero, I think in many respects it is Ronald Reagan, who recognized that he had been on a track and wanting something, and it didn't work, and he got pounded on, and he conducted an investigation, and as soon as he saw anything, he made it public, and he instructed everybody, "We are not going to cover anything up, we are going to go forward and make it all available."

And I think that judgment on his part was a very good judgment.

Mr. **Rodino**. Well, Mr. Secretary, my time is up, and I am going to conclude by saying that I know you made every effort. I was focusing on the President's going to go before the American people on the night of the 19th, when you had vigorously then said, we are being deceived, and I would have thought that at that moment, the President of the United States, knowing that his Secretary of State fought so vigorously and presented the facts, and you say that when he is presented with the real facts, he will make a right decision, that knowing that there was such a disparity between what you were saying, what Poindexter and others were presenting to the President, the President at that time, in my judgment, could have said, "Before I go before the American people, I want to know," and I would have expected that at that moment, he would have called you in and everyone else in that was involved, and asked the pertinent question then, so that he would be spared all the damage that has now been visited on him.

And I think, at least that is my thinking—if I had had a problem with my staff, with the people who are supposedly loyal to me, and there is such a wide disparity of thinking, I would want to know then, before I go once again before the American people and make a statement such as he did that night.

Thank you very much, Mr. Chairman.

Chairman **Hamilton**. Mr. Brooks.

Mr. **Brooks**. Thank you, Mr. Chairman.

Mr. Secretary, I want to express my appreciation for your refreshingly candid testimony. These committees, we have sat through many days of testimony permeated with "I can't remember. It might have happened, I wouldn't deny it, but I'm just not sure." And they all have photographic memories, you know, those people do, so don't feel bad about not remembering a few things. Even people with photographic memories can say "I don't remember" dozens of times.

You have interjected a degree of honesty and integrity that has been sorely missing so far on the part of our witnesses and you were exactly right in your observation that trust is the coin of the realm. Our government will only work if that principle is accepted and practiced through all the branches, legislative, executive, judiciary, and those of us, like you and me, who have been around for a few years, through seven or eight Presidents, appreciate the wisdom of that advice more each year. And even though I may not always agree with your positions, I want you to know that I do appreciate your adherence to what you believe is fair and right, and your willingness to express your opinions openly, candidly, and your dedication to trying to make the established institutions of this government work for the benefit of all Americans.

Now, Mr. Secretary, I want to particularly commend you on your courageous stand against the widespread use of lie detector tests to screen Federal workers for their loyalty. I was heartened to hear you say in December of '85 that you would resign if you had been asked to submit to such a test, and you may know that I have opposed for years the use of lie detector tests to screen employees. I think both of us agree that the pseudo-science of Rube Goldberg ideas have no place in our efforts to protect national security and reliance on polygraph testing will ultimately harm and not enhance our nation's security, and they are particularly offensive to those subjected to them. As you pointed out December 20, 1985, the minute that this government—I'm told that I'm not trusted is the day that I leave.

Mr. Secretary, I appreciate your stand on that issue and I must recall to you, maybe you didn't hear it, but when I was opposing this in Congress, I suggested to the Members, who seemed dedicated to vote for it, that if it was any good at all, all their wives would have one.

Now, Mr. Secretary, on another matter——

Secretary **Shultz**. All this uneasy laughter around here.

Mr. **Brooks**. Now, Mr. Secretary, when Elliott Abrams appeared before us in June, he told us that he misled the Congress about $10 million the Sultan of Brunei tried to send to the Contras because he said he wasn't authorized to discuss that matter without going to you. That is his testimony of June 2d, page 193. He explained that the reason he wasn't authorized to tell us the truth was because your Department had given assurances of confidentiality to the Sultan in the process of soliciting that money.

Now, did you or any other official of the Executive Branch instruct Mr. Abrams not to testify truthfully in regard to this matter?

Secretary SHULTZ. Everybody in the government, certainly anybody that works for me, should know that they must not lie and must not mislead. Nobody has to get my permission to tell the truth. They must tell the truth.

Now, in this case, Elliott had a piece of information that he could not reveal. To do so would have been a breach of faith with the country involved, and they had made—they had said that they would make this contribution on the understanding that it would be a confidential thing. They were going to contribute to the Freedom Fighters.

So there are all sorts of ways to handle it. When you are in a session, as Elliott found himself in, he wasn't expecting to get questioned about this, but it came I think on the afternoon of the day when there were these revelations, and he was questioned by various Senators on the Senate Select Committee, particularly Senator Bradley. I say this because I had a very long and a good conversation with Senator Boren about all this. Among other things he said, he asked me if I would get the transcript and read it.

And so I did that, both the first meeting with the Intelligence Committee and the second one. And I think that a perfectly acceptable thing, I imagine, to the committee, would have been to say, "Senator, I don't want to testify on this. I would like to come back," or to say, "The State Department is authorized by law to make solicitations, as you know, and we have made a solicitation that we believe is successful, but I cannot reveal the name of the country because we have given a pledge of confidentiality." That would have, I am sure, been quite satisfactory. There are all sorts of ways that you can respond with candor but without revealing the name.

Elliott made a mistake, and he knows it. He knew it more or less right away. He discussed it with various people in the department, what to do. And he was told what to do is to go back to Senator Bradley and tell him. You don't have to tell him the name of the country, but tell him, so you correct the record.

In fairness, I didn't—he didn't lie, so to speak, directly. There wasn't any way for a Senator there to ask him if he had solicited Brunei. There was no way for them to know to ask that question. But it was clear enough that they were asking him about solicitation, as I read the transcript at your suggestion. So he knew he made a mistake. And then he corrected it in a later meeting, and again you asked me to read the transcript, which I did, and I think I told you that I agreed that he made a combative apology. Elliott is a combative person. That is one of his endearing qualities as far as I am concerned; he is a fighter.

But, anyway, he is full of remorse about this, and in my opinion, he is a first-class person, a person of high character, very able, a person with a real instinct for public service. He performed brilliantly as the Assistant Secretary for Human Rights, a real driving force, and I think he has performed brilliantly in his current job, which is a very, very tough job. So I have said that I think that he should continue in that job and continue to contribute. And he recognizes that he has a rebuilding job to do.

And I have talked to some of you, actually, individually about it, and I hope that you will join in the effort to help him rebuild, because he is a good guy.

Mr. **Brooks**. Well, Mr. Secretary——

Secretary **Shultz**. And the people who are really well qualified and have an instinct for public service are rare enough. You want to save them. So that is my feeling about Elliott Abrams.

Mr. **Brooks**. I figured it would be. I did not sign the recommendation by a large number of Members of Congress that they remove him from office. I, personally, do not agree with your high regard for him. I thought he made a fatal error as far as his usefulness to your administration, but that is your choice the way I look at it. You want him, you got him.

But I would say if he thinks he is combative, I want him to come back.

I have one more question for you. I wish you well. Last week I pointed out to Admiral Poindexter that the North-Secord-Hakim operation, with which you are vaguely familiar now, bought $11.5 million of weapons from Monzer Alkassar, a Syrian arms merchant linked to various terrorist groups. Admiral Poindexter indicated that that doesn't disturb him because it is just a fact of life in carrying out covert operations.

In fact he told us the other day when you are buying arms on the third-world market, you often have to deal with people you might not want to go to dinner with. Mr. Secretary, does it disturb you that agents of the U.S. Government were purchasing weapons from a terrorist supporter to carry out what they claimed was a government policy of giving those arms to other terrorists?

Secretary **Shultz**. First of all, somehow it grates on me to say that those people were agents of the U.S. Government. But certainly——

Mr. **Brooks**. I understand your concern about that.

Secretary **Shultz**. I am opposed to terrorism. We all are opposed to terrorism, and we don't want to have any dealings, if we can help it, that in any way contribute to the resources that terrorists have. So I would say—I have forgotten exactly how you phrased your question, yes or no, depending on the phraseology—I am against it.

Mr. **Brooks**. I want to say that I enjoyed visiting with you and you are a delightful witness, and we appreciate your being here. I yield back the balance of my time, Mr. Chairman.

Chairman **Hamilton**. Without objection, the following exhibits will be made part of the record, JMP-114, GPS chronologies A through C; and GPS-165.

Chairman **Hamilton**. The joint hearings will resume at 2:00 o'clock.

[Whereupon, at 12:30 p.m., the Select Committees recessed, to reconvene at 2:00 p.m., the same day.]

AFTERNOON SESSION

The Select Committees met, pursuant to recess, at 2:00 p.m., in room 2172, Rayburn House Office Building, Hon. Lee H. Hamilton (chairman of the House Select Committee) and Hon. Daniel K. Inouye (chairman of the Senate Select Committee) presiding.

Chairman **Hamilton**. The joint hearings will come to order.

Senator Inouye.

Chairman **Inouye**. I am pleased to recognize Senator Mitchell.

Mr. **Mitchell**. Thank you very much, Mr. Chairman.

Mr. Secretary, good afternoon.

Yesterday, Senator Rudman asked you about the nine-point plan that was negotiated in October of 1986 by Mr. Hakim and the Iranians.

Colonel North said he obtained Admiral Poindexter's approval of the plan, Admiral Poindexter said to the best of his recollection he obtained the President's approval.

Under that plan, one American hostage would be released definitely and an effort would be made to get one other. That is why it was called one and a half in the plan.

In exchange, the United States agreed to provide 500 TOW missiles to Iran, some HAWK spare parts, and certain intelligence information.

And in addition, before the American hostage was to be released, Mr. Hakim was to provide to the Iranians a plan for the release of 17 terrorists held in jail in Kuwait.

Those are the so-called Dawa terrorists who had been convicted of bombing the United States and the French Embassies in Kuwait, killing four people and injuring 87 more.

Yesterday you said that it was that part of the plan that made you sick to your stomach and when you told the President about it, it made him madder than you had ever seen him before.

Now, Colonel North defended this provision in the plans. When Senator Rudman asked him how could we possibly be advocating in some way that they be released, Colonel North replied: "I don't believe that what I was talking about was an advocacy for release."

And he went on to say, "The fact is that those people were going to come to be released anyway, and I believe they will because history is a precedent in that particular part of the world and with those kinds of groups and there ought to be some benefit derived from that for us."

Now, when Mr. Dunbar reported to you on his meeting with the Iranians on December 13 of 1986, he wrote a memorandum, and I quote a part of it now, it is exhibit 50 in your book. I will read one paragraph from it.

On the U.S. role regarding the Dawa prisoners, Mr. Dunbar wrote, "Poindexter told Cave that he personally had asked the Kuwaits to do something about the Dawa prisoners. Cave believes that Poindexter met with the Kuwaiti Foreign Minister here in the fall and may have seen him in the region at some point as well. North also met with the Kuwaiti Ambassador and perhaps with other foreign ministry officials as well."

Now, of course, if Poindexter or North or both met with the Kuwaitis and asked them to do something about the Dawa terrorists, that would be an advocacy for release.

So my question to you is: Do you have any information, other than Mr. Dunbar's memorandum to you, on whether Admiral Poindexter did personally ask the Kuwaits to do something about the Dawa terrorists?

Secretary SHULTZ. What I know is what Mr. Dunbar reported and the information I received from Mr. Gates at the CIA when I brought it up and asked if they had possession of a piece of paper on this that I should look at, he found one and sent it to me. And what contacts had actually been made, I didn't know, but after my meeting with the President and after finding out what additionally I could, I felt that whether there was, had been a contact or not, I wanted to give reassurance to the Government of Kuwait that whatever anybody might have said to them, the policy of the United States remained as it had been and so I sent a cable to him saying that.

Mr. MITCHELL. I see.

Now, your meeting with the President occurred just 2 months after the plan was negotiated, and according to Admiral Poindexter, after it was approved by the President. You have said you told the President about it on a Sunday morning, and he reacted very negatively.

My next question is: Based upon your knowledge of the President and your personal observation of him during that meeting, are you convinced that the President could not have approved that plan in October, just 2 months before that?

Secretary SHULTZ. Absolutely.

Mr. MITCHELL. Now, you talked yesterday——

Secretary SHULTZ. And I would say, Senator, that any self-respecting person working for a President, if he were going to make such a proposal to the President has a responsibility to point it up to the President what is involved, because it clearly would be a gross violation of everything that we had said and stood for.

So, if—and I have no idea what Admiral Poindexter did or didn't do, but if he were to have undertaken that at all, that sense of responsibility, he had an obligation to make sure that the President understood fully what he was talking about, and I know that that couldn't possibly have happened.

Mr. MITCHELL. Well, I believe all of the members of the committee share the concern you have, and what you indicated the President expressed over any efforts to release the Dawa terrorists. Indeed, it is clear that one of the purposes of the taking of American hostages in Lebanon is by groups who seek to use them to obtain the release of these terrorists who, as I noted earlier, had been convicted of bombing an American Embassy, and that is one of the reasons why I asked those questions.

Now, I want to go on to another subject. You talked yesterday about how information had been kept from you, primarily by Admiral Poindexter. I think there is more to it than that. In February of 1985, the President met with the Head of State of a country that has been identified by number here, and during the course of that meeting, the President was informed that nation was contributing $25 million to aid the Contras.

Mr. McFarlane testified that immediately after that meeting, you and he met with the President for a debriefing on the meeting with the—that the President had with the Chief of State. Am I correct that such a meeting occurred and in it, the President did not tell us that he had been informed during that meeting of the contribution?

Secretary SHULTZ. Well, I don't remember the details of that set of events, but I believe that the first that I heard of this contribution was in a telephone call in the middle of June in 1986.

Mr. MITCHELL. Now, as you testified yesterday, you did not know about the Findings that had been signed by the President authorizing the Iran initiative. The first of them was signed by the President on December 5, 1985.

You met with the President on December 7, 1985, with other officials, and you have described that meeting in some length about how you vigorously opposed the Iran initiative. Am I correct that the President did not then tell you that he had signed a Finding authorizing the sale of arms to Iran 2 days before that meeting?

Secretary SHULTZ. I believe that the President has said that he has no recollection of signing such a Finding, and there is no copy in existence, so—but he didn't inform me of signing it, but he has said that he has no recollection of doing so himself.

Mr. MITCHELL. Admiral Poindexter has testified that he was personally present when the President signed it.

Secretary SHULTZ. Yes, I understand that. All I can do is report the things that have been said.

Mr. MITCHELL. All right.

Then, we will go on to the next Finding, which occurred on January 6. The President signed a second Finding on January 6, 1986, and on the following day, met with you and the other principals of the National Security Council to discuss the Iran initiative.

And am I correct that the President did not tell you then that he had signed a Finding on this matter on the day before?

Secretary SHULTZ. That is correct.

Mr. MITCHELL. And then, on January 17, the President signed a third Finding on Iran, and that same day, in the afternoon, met with you. Did the President—am I correct in my understanding that on that afternoon, the President did not tell you that he had signed a third Finding on the Iran initiative on that very day?

Secretary SHULTZ. To the best of my recollection, the first I heard of the January 17 Finding was in the briefing on these matters on the 10th of November.

Mr. MITCHELL. Well, my point is with all due respect, Mr. Secretary, it wasn't just Admiral Poindexter who was keeping you in the dark, was it?

Secretary SHULTZ. Well, if the thrust of your question is that the President was part of an effort to see that I didn't know what was going on, I don't believe that.

Mr. MITCHELL. No, that is a conclusion.

Secretary SHULTZ. Yes, that is right.

Mr. MITCHELL. I think my point is that the President signed three Findings relating to Iran.

Secretary SHULTZ. He signed two that we know of for sure, and another that if he signed it in Admiral Poindexter's presence, it apparently didn't register with him very well, at least he doesn't remember it. And, quite possibly, the President assumed that somehow or other there was a process of discussion going on that wasn't in fact going on.

I am just speculating. But I don't know.

Mr. MITCHELL. In any event——

Secretary SHULTZ. I have a relationship with the President such that I don't think he is out to deceive me.

Mr. MITCHELL. No, and I certainly didn't mean to suggest that. My point was that the President, for whatever reason, did not inform you that he had signed these Findings, even though you participated in discussions with him regarding the Iran initiative, we'll take just the last two, on one occasion, on the very same day and on the other the day after.

Secretary SHULTZ. He didn't inform me and neither did any of the other people involved.

Mr. MITCHELL. Well——

Secretary SHULTZ. But I——

Mr. MITCHELL. I won't draw any conclusions.

Secretary SHULTZ. I'm not accepting the conclusion that somehow the President was deceiving me. I don't accept that.

Mr. MITCHELL. I want to make clear I'm not suggesting collusion. I guess all I'm suggesting is I think in fairness to Admiral Poindexter, I think the events as described and as they occurred could have led him to conclude that it was the President's wish that you not be informed since he knew that the President had signed the Findings; he knew that you were Secretary of State and had participated in discussions on these matters almost contemporaneous with the Findings, and chose not to tell you about them.

Secretary SHULTZ. I think it is equally arguable or maybe more so given my knowledge of the President that he assumed that what was happening I was aware of.

Mr. MITCHELL. I accept that.

On another matter, in preparation for the President's conference in November of 1986, Colonel North testified that he and others prepared some questions and proposed answers for the President's use. One of them asked the question: Has this initiative with Iran had any positive effect? And the proposed answer was: Yes, there have been a number of positive effects. Although it is too soon to give a complete assessment, we have seen a marked reduction in Iranian-sponsored terrorism over the last 18 months. The same argument was made here forcefully that one of the successes of this initiative was a marked reduction in such terrorism.

Do you agree with that conclusion?

Secretary SHULTZ. No, I don't. I think that Iran continued to practice terrorism. It's, I think, possible to argue that it had diminished somewhat with respect to the Americans, but I have argued here earlier that terrorism is something you have to fight on an international basis, and you can't get yourself in the position of saying that I'm going to in effect buy some protection for myself at the expense of somebody else. We are in this together, in a civilized world, and we have to fight it together, and there are quite a few instances, somebody here had a list yesterday, I forget, Chairman Fascell, that you can point to. For example, I mentioned yesterday the Iranian group going to the Haj that was caught with a fairly large amount of plastic bomb material, but there are other examples, some directed against Americans.

There were three hostages taken in October, I believe, in Beirut, and in one way or another, I think it's quite probable that the Iranians had something to do with it, although it's always difficult to pin it down exactly.

Mr. MITCHELL. I have a brief comment. You, sir, have been in four cabinet positions, you have dealt with the Congress many years, you have testified before congressional committees several times. Have you ever felt it necessary to lie to the Congress to do your job?

Secretary SHULTZ. No.

Mr. MITCHELL. Do you believe lying to the Congress is justified?

Secretary SHULTZ. No.

Mr. MITCHELL. Well, Mr. Secretary, I just want to conclude by joining my colleagues in thanking you for your testimony, particularly your forthrightness. You must know, or if you don't you should, that you have the respect of most, if not all Members of Congress. I don't know how much good that will do you given the view many Americans hold of the Congress right about now, but that respect is there and I wanted to express it and thank you for your testimony.

Secretary SHULTZ. Thank you.

Chairman HAMILTON. Mr. Courter.

Mr. COURTER. Thank you, Mr. Chairman.

Mr. Secretary, what I would like to do is make a few brief observations and comments and then ask you if you want to comment on them as I finish, because I have a very short period of time, as you know.

Mr. Secretary, I share, as you probably can suspect, your complete and profound respect and admiration for the President of the United States, and I think one of the reasons I do have that respect is because he is an individual that can make decisions, and I remember one witness said sometimes you have just lousy options. I would imagine when you are President, sometimes your options are lousy, but this President can make a decision even when some of those decisions are very tough.

And also even if the information is less than perfect, Presidents have to, I think, make decisions based on imperfect information, and also I would observe that I think the hearings have demonstrated that even Presidents of the United States don't know that which they haven't been told. And it seems to me one of the lessons learned here is that Presidents should be informed of very sensitive information and very sensitive decisions.

An observation that I have with respect to your comments between the State Department and NSC, in my recollection, that other administrations have had similar problems, not similar problems but have had difficulty in having these two organizations work together, maybe that is inherent. Hopefully, in the future it would not have to be so.

And I think you, yourself, comments—I believe it was in 1971 President Nixon commissioned Henry Kissinger to open up the China Initiative, and it is my understanding Bill Rogers, the then-Secretary of State, was kept in the dark about that particular plight.

Also I might mention that a great deal has been said by all witnesses about Central America, about the Resistance, about Nicaragua, and I would just point out the most recent figures from the Defense Department shows that the Soviet Union and the Warsaw Pact countries have given the Sandinistas in Nicaragua $300 million of military equipment since this committee started its work. That is so far this year and totals over $2 billion, which is something I think we should keep in perspective.

I, a number of days ago, and often, talk about the need for people to distinguish between policy and tactics. Sometimes we call one that is the other and the other that is the former. And I would like to read a couple parts of what I think is a remarkable article by Ariel Sharon of Israel. He was a Defense Minister. He was a Minister in the Cabinet for about 10 years, and I am sure you know him. He wrote, I think, a remarkable article in January of this year and said a couple of profound things. In this clarity that must come by Members of Congress and all people in distinguishing between one's tactic and one's policy, I think sometimes we could equate it to a battlefield commander in a battle: Merely because the troops are withdrawn a kilometer for rest and for resupply and regrouping, later to move on, doesn't mean that that one kilometer retreat establishes the policy of retreat.

Mr. Sharon indicated in the article that "In November, 1983, Israel released 4,500 terrorists captured in Lebanon, an additional 98 other terrorists serving prison terms, in order to gain the release of six Israelis." He goes on and says "Eighteen months later, I supported the government's decision to free an additional 1,127 PLO terrorists, most serving terms for sabotage and murder, in exchange for three additional Israeli lives." He goes on and says that "for us no human life is expendable; even if we are talking about a single captured soldier, we will not cease our efforts until he is returned.

"During Israel's long and ceaseless war on terrorism—and I might editorially add—no one can say Israel is soft on terrorism—"I have always viewed these unhappy decisions as tactical retreats aimed at saving lives without changing overall strategy. Tactical retreats are acceptable in a long and tough war if it remains clear to the enemy that he will eventually be punished.

"But the war on international terrorism," and I read on a little bit further in the article, "must be waged internationally, and no nation," he says, "played a greater role in this strategic effort than the United States under Ronald Reagan."

He indicated two incidences: Number one is the capture of the terrorists who killed, in cold blood, a crippled American onboard the *Achille Lauro*, Mr. Klinghoffer, during that episode that we found out who they were, located them and brought down an Egyptian plane to bring them to justice; and he refers also to the bombing in April of Muammar Qadhafi's terrorist camps.

He goes on and says, "In this context, I understand President Reagan's decision to supply American weapons to Iran in exchange for hostages not only as a strategic step but also as a humanitarian one. The United States, like Israel, several years ago faced the dilemma of having no realistic alternative to the task of freeing its citizens."

He indicated that he was receiving reports about William Buckley, as you did many, many months ago, that he was being tortured. He said his reports indicated that his eyes were plugged out, and finally murdered to cover up the crimes to the American people.

He said, "I am convinced that this American tactical retreat of sending limited quantities of arms to try to free the hostages does not signal a fundamental change in the Reagan-Shultz policy of an iron fist against terror."

And let me go on, if I would, Mr. Secretary. Terrorism, I think, is a fundamental part of these hearings. International terrorism brought down probably one President and perhaps brought down another. It has a great deal to do with the origins of these hearings. And terrorism, as everybody knows, is just not wanton, irrational killing of people; it is the killing or the capture of innocents to further a particular policy goal.

What I'm concerned about to a degree—and maybe you can comment on this when I finish, it will only take me another few minutes—I'm just wondering whether it's time now for this committee to talk about the future, as to what type of a counterterrorist policy the United States has so a third President, the one that is elected in 1988 and starts serving in 1989, is not brought down or politically injured by terrorist activities.

It would, I think, Mr. Secretary, be a mistake if these hearings showed that secrecy is unimportant. I think it does show that it does have a valid place even in democracies and even in democracies we cannot expose everything and every operation at all times.

Certainly, however, these hearings I think have demonstrated that dealing for hostages for arms has been folly. I think it has been exposed as a folly.

In practice, trading has meant first, I think, extraordinary national embarrassment for the United States and the President of the United States, and also the inevitable, more hostages. It has been brought out in these hearings there's more now, in that part of the world, Americans than there were before. Hostages regrettably are a renewable resource, and hostage-taking has been proved a powerful weapon by some governments who don't have the type of moral fiber that many governments have.

When we give in, in my mind, to terrorist demands, there can be no other message. A collapse even though it is for moral reasons is still a collapse and will appear such to the terrorists.

Before 1981, Mr. Secretary, I never felt that we had a stated counterterrorist policy in this country, but I think because of your work and the work of the President, we did have a strong statement and we did some pretty remarkable things that there theretofore considered unusual and perhaps excessive.

What I would like you to address, perhaps this forum is not the best one, but this committee certainly to discuss is a reaffirmation of the counterterrorist policy that this nation must have for the future.

We need I think a renewal of our determination to see, as Ronald Reagan says, that terrorists can run, but they cannot hide.

I am disturbed to read in the press that a white paper on Abu Nidal's Eastern European Mediterranean supporters has not been published. I regret the apparent willingness to normalize relations with Syria, because one of many groups that protects Abu Nidal has indicated that he will return his headquarters to Damascus.

I was frankly astonished to see the Defense Department's annual book, "Soviets Military Power," which I think is extremely important to publish each year, last year had a long section called "Soviet Support of Terrorism" and this year includes but one paragraph, small as it is, retitled "The USSR and Low-Intensity Conflict," I think a retreat.

I think the United States needs clarity for the future with regard to terrorism. It is as if sometimes Soviet grenades were not found in the Istanbul synagogue or Bulgarian grenades were not used in the Rome and Vienna airport attacks, or the Polish machine gun pistols were not the hallmark of Abu Nidal operations, almost each and every one of them.

It is as if Czech plastic explosives called suntacs had no place in the Syrian bomb given to a pregnant woman who then went on and boarded an El Al flight to London and had not been found in half a dozen uncovered arsenals and bombs throughout Europe.

You would think that the network of some 40 training camps throughout the Soviet Union and Eastern Europe, much publicized a few years ago, had almost suddenly gone away.

We had a strong policy in 1981 and 1982. I think what we have to have is a restatement of that policy and movement in the future.

People have different solutions to international terrorism. It is easy to come up with easy suggestions like increasing your intelligence-gathering capabilities.

I have heard that ad nauseam in Congress and other places, but I think we have to do more and I know you agree. I think we have to get the cooperation of allies in other nations to fight terrorism.

Those are easy things to say and perhaps not easy to do, but they are soft.

I think four things should be considered, each one of these four is difficult, you may comment on them now or at some other time.

One, that a President should be required to suffer publicly as little as possible when there is an American held captive.

Number two, we should make use of options of forceable arrest to bring killers back to the United States.

Also, I would suggest that we should train new unique special forces, a counterterrorist strike force for the purpose chiefly of making arrests and abducting terrorists in different parts of the world and bringing them to justice.

Also, I think we have to continue the use of international boundaries and also make use more frequently of punitive strikes against known terrorist camps with the avoidance of civilian deaths.

One last thing you may comment as my time expires, the Congress of the United States and this panel has had great fun in suggesting that it is a shame that the State Department was cut out, that there was an effort by people in the administration not to give you full information on areas of foreign policy, and I agree with that.

But you may want to comment on the attempts of the Congress to cut out the State Department, because I know you have commented on before, there has been incidences where Members of

Congress demanding to meet heads of state excluding the Secretary of State, excluding the Ambassadors that you send there, excluding the State Department all together.

So if the Congress is going to be consistent in demonstrating moral outrage of the State Department being cut out of one area, it seems to me to be consistent we should, when we meet with heads of state, embrace the fact that the State Department should be there as well as not cut them out.

I know that is a lot in a short period of time. If you want to comment, please do and if you want to wait for another day and read what I said, I can understand.

Thank you very much.

Secretary SHULTZ. I see that the red light is on, so I know that you don't want me to take time.

I welcome your emphasis on the importance of the problem of terrorism and I welcome your sense that one of the things we need to do now is to focus on substantive issues and that is certainly one of them.

We do have a strong policy and implementation of it, as you noted, and we made further progress at the Venice summit, the President did in his discussions there, and so all of those things are very much to the good.

I would be glad to welcome a chance to talk with you further about it and do welcome very much your strong support for the Department of State.

Chairman HAMILTON. Mr. Foley.

Mr. FOLEY. Mr. Secretary, I think we could benefit from questioning as long as you are able to stay, but we have a schedule that anticipates your conclusion of testimony this afternoon and to make my contribution to that I will defer any questioning.

Let me join with other colleagues to express to you our appreciation for your testimony, which I think have ben extraordinarily candid and forthcoming and is extremely valuable to this committee and we are in your debt, sir.

Chairman HAMILTON. Mr. Foley, I want to thank you for setting such a good example for the committee.

Mr. Stokes?

Mr. STOKES. Thank you, Mr. Chairman.

I am sorry I have to be an exception to the rules established by Mr. Foley.

Mr. Secretary, my own personal association with you here in Congress goes back to 1969 when you were Secretary of Labor in the administration of President Nixon.

Over the years, you have appeared before us on several of the committees on which I have served, so we have come to know one another very well over the years.

While on occasions we have disagreed on government policy, we have always been able to disagree without being disagreeable.

In fact, I want to say publicly that I have great respect for you personally.

After listening over the last 10 weeks to Government officials who espouse running our Government, lies, deceit, deception, and withholding of information, your testimony is indeed refreshing.

As a public official, your moral principles and your personal integrity are a comfort to those of us who believe that public service is a high calling that demands conduct commensurate with that office.

Now, Mr. Secretary, during the course of our hearings, we have received testimony from several witnesses who unashamedly told us how they shredded and destroyed Government documents relative to our inquiry, thus depriving this committee and the Nation of vital evidence about the Iran-Contra affair.

Colonel North, in particular, boasted that the Government had given him a shredder for a reason. He found it unexceptional that he should be shredding documents in the presence of two assistant attorneys general who were in the process of investigating his activities.

Admiral Poindexter testified that he destroyed the December 5, 1985 Finding, a key link in the chain of accountability for the Iran operation.

Mr. Secretary, can you tell us what is your policy at the Department concerning the shredding of Government documents, and particularly documents signed by the President of the United States?

Secretary SHULTZ. I can't give you chapter and verse off the top of my head about the filing system of the State Department, but I know that we are very concerned about historical records, and we preserve them, there is a historian's office which publishes documents periodically, and we believe that it is an important part of the job to maintain that record, so that in the future people can read it and scholars can look at it and we can all learn from experience as best as possible.

Obviously you can't save everything that you have, and so you have to get rid of some things that aren't needed or whose time has passed and so you shred documents.

I guess you must do that here as well.

It is also true that at posts we, particularly posts that are in a tough area such as in Beirut, that we don't want the post to have on file information that would, if captured, be a problem. And so we basically take the view that we should have the memory banks, so to speak, here rather than there, and they are instructed to shred documents after they have read them and used them.

But basically I think, in response to your question, I think it is an important function as the process of Government goes on to preserve the records so that the future can do as much as possible of learning from the past, and that is something that we try to do, and that is why the Historian's Office is there, that is why we have an Archivist for the Government as a whole and pay a lot of attention to those records.

Mr. STOKES. Mr. Secretary, wouldn't you also say, in line with your earlier comments about separating intelligence from policy functions, that one of the faults of the NSC staff was that it was both the staff element and the operational element for the Iranian initiative and for the Contra-supply operation; that is, didn't the merging of those two functions create the conflicts and miscalculations, the short-sightedness and the mistakes that these hearings so amply detailed?

Secretary SHULTZ. Well, I've said I think there is a problem when intelligence is mixed in with operations. That is as distinct from operations having staff work done for them. They have to have staff work done for them. But the mixing of the task of gathering, sorting out, analyzing intelligence, I think, is something that we ought to separate from operations. Not that people in the operations don't look at intelligence and they may accept it or not, they have their own ideas, and should, but nevertheless I think to keep the functions separate is an important thing, and I believe there are instances in the set of events that you are examining that show the nature of the problem that comes when you mix the two things together, or can come.

Mr. STOKES. Mr. Secretary, would you agree with me that if the United States launches a covert operation which is authorized by the President after receiving the full advice of his National Security Council, it is in the best interests of the United States to use Government professionals to conduct these operations?

Let me tell you, I ask this because what we have had described to us by Colonel North was an effort to develop sort of a mini-CIA outside the Government. He spoke of a layer, another layer of government with funds that were not appropriated by Congress, funds that were not subject to audit. It was run by private citizens who were interested in making money in the course of operation whose knowledge of and adherence to U.S. policy was dubious, whose concern for the chain of command up through the President was less than convincing and whose accountability to anyone in the U.S. Government, the President, the Congress or the NSC itself, was practically nil.

So I would ask you as the official of the U.S. Government responsible for the execution of our foreign policy, including the coordination of our covert policy, whether such an operation is in the best interests of the United States?

Secretary SHULTZ. Well, as I understood the premise of your question stated at the beginning, it was the question of whether or not operations, covert operations or other important things to be done by the Government should be conducted by professionals. I believe that we want to get the conduct of our government done by the best people possible, and career people, who I guess is what you mean by professionals, have a great deal to offer.

We have access to the historical memory. They are very high-caliber people and dedicated people. But I don't think that means that they should do everything, by a long shot. There are Americans from all walks of life that get drawn into the work of our government, and it provides often a real lift, and I think we need to have the criterion that we want the best person possible to do the job as best we can do it, and sometimes that is career professionals. It is almost always the case that career professionals can help greatly.

I think also we should not want to rule out at all the use of private citizens in connection with government missions. It is a question of picking the right ones and defining the mission adequately, and so on.

I have done missions for both President Ford and President Reagan as a private citizen. I have chaired task forces under President Eisenhower, under President Kennedy, under President Johnson as a private citizen, so I have done a lot of that myself, and I thought I did it reasonably. So I think you have to sort of try to get things done in the best way you can.

Mr. STOKES. I suppose I really—

Secretary SHULTZ. But I feel that some of those involved, like Mr. Ghorbanifar, had a very bad history, as recorded in the information that we had available about him, just to take one of the individual names.

Mr. STOKES. I suppose maybe I should have pointed my question more in the area of covert type of operations where we are talking about a highly specialized area. Would your answer be different if I had posed the question in terms of covert operations?

Certainly I realize that under ordinary circumstances, historically we have certainly utilized our best talents, our best minds in terms of our private citizens to help our government, but in the area of covert operations, a highly specialized area, what would your answer be?

Secretary SHULTZ. Well, there are certain specialties that people train for and that don't exist in the private sector and do exist in government, certain things in special operations, for example, so that you want to turn to the people who are trained for it. And if you are talking about a covert operation, obviously you are keeping it secret and you must apply a need-to-know kind of rule to it so that it stays that way, and that clearly restricts the number of people who are going to be involved, and you probably must rely on those who are professionally involved and able to do it.

Mr. STOKES. You've talked to us, Mr. Secretary, about the necessity to separate intelligence activities from policy activities. One of the things I have noted, being on the Intelligence Committee of the House, is the CIA operation officers often are placed in the position of advocating the President's covert action programs to the Congress. It has always seemed to me to be more appropriate for the Department of State or the White House to give an explanation of the policy behind a covert action and leave to the CIA the details of how it would be accomplished, but I can say to you that so often we find that the lead witness that comes before us is a CIA official, and in most instances, the State Department officials rarely speak up and leave the presentation of the testimony to that lead witness from the CIA.

So I guess my question is, shouldn't those roles really be reversed?

Secretary SHULTZ. I believe there are two parts to a typical covert operation. One part is—a covert operation is a method. It is not an objective; it is a method. It is a method to implement something you are trying to achieve. And so you have to start with the policy. What is the policy that we are trying to achieve through this method? And what other methods might there be to achieve it?

I think it is a reasonable argument to say that the use of covert actions is not something that you want to do too much of, so you look for other ways to achieve the objective you are trying to achieve, and presumably that foreign policy objective is discussed, and I think quite properly the State Department usually, whoever is speaking for us on that occasion, should describe it. Then when the covert operation gets going, I think the Congress wants, properly so, to be kept abreast of what is taking place so you know how this means that is being used is being implemented.

In that case, the people who are directly involved are the people doing the implementing, and so I think it is rather natural that they should be the ones who would tell you about that.

So there is a mixture of policy and implementation, and who will have the most to say that is worth listening to at a given time will depend upon the stage of the operation, although in the procedures that are in operation, an interagency group stays posted on what is going on in the various covert operations and those who are implementing report to them, and you stay abreast of it.

Mr. STOKES. My time has expired. Thank you very much, Mr. Secretary.

Thank you, Mr. Chairman.

Chairman INOUYE. Senator Nunn.

Mr. NUNN. Thank you, Mr. Chairman.

Mr. Secretary, you testified yesterday that you felt the President had been given faulty intelligence and you testified at length, and I must say I completely agree with you about the importance of separating intelligence gathering and fact gathering from policy so as to assure the objectivity of the intelligence gathering and also the perception of objectivity. Is that a fair assessment?

Secretary SHULTZ. Yes.

Mr. NUNN. I want to ask you to consider with me a moment a memo that Admiral Poindexter prepared for the President dated January 16, 1986. I don't know whether you have that in front of you. I will read it to you, but it was the memo that accompanied the Finding which I'm sure by now you have read. I will ask if the staff does have a copy of that memo, to deliver it to the Secretary.

The key paragraph, as far as this question is concerned, is the first paragraph. It says, and I quote from that memo from Admiral Poindexter to the President, quoting, "Prime Minister Peres of Israel secretly dispatched his special adviser on terrorism with instructions to propose a plan by which Israel, with limited assistance from the United States, can create conditions to help bring about a more moderate government in Iran."

And this is the key sentence here, "The Israelis are very concerned that Iran's deteriorating position in the war with Iraq, the potential for further radicalization in Iran, and the possibility of enhanced Soviet influence in the Gulf all pose significant threats to the security of Israel."

The part I want to focus on is, "The Israelis are very concerned that Iran's deteriorating position in the war with Iraq. . ." I asked Admiral Poindexter about that and he said that he did give this memo to the President. He also said not only did he give him that with no other view, but that indeed was Admiral Poindexter's view. He believed that the Iranian position was deteriorating. So Admiral Poindexter testified that he agreed with the Israeli position.

I'm not sure this was the Israeli position, but that is what it was portrayed to be to the President, and we'll assume for the purpose of this that it was.

My question is, was that the assessment that you understood was the U.S. Government assessment at that time, that the Iranians had a deteriorating position in the war with Iraq?

Secretary SHULTZ. No. My—I will be careful how I state this, because I'm not sure just what the classifications of these things are, but broadly speaking, there was an assessment in the middle or so of 1985 that was—that had a rather, had very much the view that the situation in Iran was deteriorating. The Ayatollah was aging, possibly near death and so on, and argued that there was a threat of Iran turning to the Soviet Union for arms, and therefore in the intelligence estimate, we should consider changing our policy insofar as arms sales are concerned. And that was the basis used in the NSDD draft which was sent around, which has been stated, and I think you can see more or less that in there.

That was an intelligence assessment. I felt, and a number in the State Department—not in the intelligence unit, but people who were familiar with the situation—felt that that was not a correct assessment.

In early 1986—I don't know just what the date was—there was a reassessment made, and the reassessment in a sense corrected that, and gave an estimate that the situation, that the analysis of mid-1985 had been proven wrong, and I think much more the way we had thought really it was, and I think it is quite clear that during much of 1986, Iran was very much the aggressive country in the war.

So I wouldn't agree with the assessment that you read out.

Mr. NUNN. I have been informed there was an interagency task force that had, before this memo was written, had reached the conclusion that the chief U.S. concern was Iraq's deteriorating position on the southern front. Do you recall that?

Secretary SHULTZ. Well, I referred to a reassessment, and perhaps that is the one.

Mr. NUNN. Well, I think in terms of the duty of the National Security Adviser, would you believe that the National Security Adviser would have a duty to at least alert the President of the United States before he signs a Finding on something like that, this important, that there was more than one view, at least within the government?

Secretary SHULTZ. In the case of this reassessment, it was an intelligence estimate. That is, it had been examined by not only the CIA, but the various other intelligence groups around the government. They do this periodically, as you know, and make an assessment of a given situation and put forward a view, and the view that I indicated was, I believe, the view, and there were no footnotes to it.

So, it wasn't as though there were variations from the one that you read it. That was not in accord with a rather uniformly held view in the intelligence community at the time.

Mr. NUNN. Well, does it—

Secretary SHULTZ. I should say I think that is true in the sense of the literal dates. I don't have in my mind the date in which these reassessment was issued in comparison with the date of this memorandum.

Mr. NUNN. Well, do you find it surprising that Admiral Poindexter testified that he and Director Casey believed that the Iranian position was deteriorating and that is what they informed the President?

Secretary SHULTZ. My opinion is that that was not an accurate appraisal of the situation, so I am surprised that that would be put forward to the President, and I don't know that it was other than what you read to me.

Mr. NUNN. Well, that is what Admiral Poindexter testified to. You mentioned the importance of separating intelligence from policy, and as I said, I agree with that. Do we need change in either law or regulations to ensure that that is done, or do you believe that the administration has now corrected that?

You said that you thought intelligence and policy in the form of the CIA being involved in both had merged in this Iranian operation.

Secretary SHULTZ. Yes, I think that it is very clear that it had. And I think it is one of the things that led to a rather misleading picture being presented to the President. The present situation is, and Director Webster appears before your committee, so you talk to him, but I believe he very firmly believes that there should be this kind of separation; that is, when you have agencies follow their given task in comparative advantage.

Mr. NUNN. Have you talked to the President about that?

Secretary SHULTZ. Yes, I have.

Mr. NUNN. Does he agree with your assessment?

Secretary SHULTZ. He has told me that he agrees with that.

Mr. NUNN. Has he issued any directive you know of to ensure that that is done?

Secretary SHULTZ. I am not sure about—I haven't seen any directive to that extent, but my sense of it is that as a participant in this, that this separation has taken place.

Now, you have some administrative aspects to it that need to be handled with care, and I am sure as a very careful and strong, impressive administrator, Mr. Webster will do this, and it is my understanding that this is traditional in the CIA, and Director Casey also did it, and that is, if you are charged with running a covert operation on something, then you are operating—you are involved in the implementation of a policy, and you are running this covert operation.

And so, you have the task of gaining what intelligence you can from the covert operation, of course, of informing that operation of your intelligence so that it can operate, but at the same time, of having a separation so that your intelligence doesn't wind up being infected by what you hoped for, and you don't get in the position just because of the covert operation of allowing the wish to be the father of the thought.

So you need to have a method of building a wall, and I believe they do that, much like a commercial bank building, a wall between its commercial banking activities and its trust activities.

Mr. NUNN. Do you build a wall around your intelligence unit at the State Department separating intelligence and policy?

Secretary SHULTZ. It is hard to do that, and I make a big point they are there as part of our process, but their job is to provide intelligence, and I don't want to hear—I am not interested in their views about policy. I don't want them to be working on policy, I want them to devote their attention to intelligence.

Mr. NUNN. Mr. Secretary, on another line of questioning, I see Judge Sofaer here today, and I know he has spent a great deal of time on extradition matters. I would ask you whether the word getting out that we indeed had conversations and perhaps even extensive conversations about helping free the Dawa prisoners who had been convicted of terrorism in Kuwait has had any effect on our efforts to extradite terrorists who have perpetrated crimes against American citizens?

Secretary SHULTZ. I think that the effort to control and to win the war against terrorism is very widely supported, people see its importance. They see the rule of law for doing so, and extradition treaties are an essential ingredient in connecting countries in that regard, and people understand that.

And as I mentioned earlier, at the Venice Summit, I think the President made further steps in cementing this philosophy. So, if there were any setback to all of this to our problems, our policy on terrorism and the convictions behind it, and so on, it has been temporary and I think it is behind us.

Mr. NUNN. What about the effect on Operation Staunch? Have we been able to revive that in light of the revelations about sale of arms to Iran?

Secretary SHULTZ. Yes, I think we have effectively revived that, and of course, the unanimous vote on a very tough, unprecedented Chapter 7 resolution in the U.N. last Monday helps us in Operation Staunch, and of course, if it turns out, and I hope it doesn't turn out to be necessary, but if it turns out we go on to another resolution that does call for mandatory sanctions, and I hope if the time comes, we will have support from everybody for that, it remains to be seen, but we are working hard for it, then that would be in a sense an international version of Operation Staunch, which is what they have sought.

Mr. NUNN. What effect have these revelations about the Iranian arms sale and the hostages and so on had on our relationship with the moderate Arab states in the Gulf region?

Secretary SHULTZ. It was quite a setback for a while, and I think I would be correct in saying that King Hussein, in particular, was very disappointed. Because he felt that the way he looked at it, and I think understandably, he said, "Iran is your enemy and you sold arms to Iran, and I am your friend and you will not sell arms to me." And it was tough.

And we had had a team in Jordan, an Operation Staunch-type team, just before all of this came out. And I would have to say from my own personal standpoint, I had been carrying the ball on Operation Staunch up at the U.N. in September and October, so I didn't appreciate it much.

Mr. NUNN. Did this episode have any effect on the view of the moderate Arab states towards the State of Israel?

Secretary SHULTZ. I think, I think we have gotten over this well, and I believe that most of the states in the region accept the fact that Israel is there, Israel is here to stay. I think the strength that

Israel has, which we have helped with, is a primary reason for that.

I think it is very important to notice that Egypt has maintained very steadfastly its peace treaty with Israel, never deviated, in spite of the effort by other Arab states to isolate Egypt and now, in the last year and a half or so, and it is continuing, Arab states are moving back in a relationship with Egypt.

Jordan has established full diplomatic relations, Saudi Arabia and Kuwait have made some financial contributions, King Hussein has met publicly with the Prime Minister of Israel and so on. So, I think that there is positive motion in that regard.

Mr. NUNN. Thank you, Mr. Secretary.

I want to—I have got a light up there and time is running, and your country weekend time is running too if we go very late. Let me just commend you for your testimony. You have made it clear that there is not a basic incompatibility between survival in a dangerous age for a democracy and the Constitution and rule of law. You have made it very clear that you believe in the rule of law, you believe in our form of government, you believe in the U.S. Constitution.

You have also made it clear to millions of American young people who may aspire to government service, whether it is Foreign Service or the Intelligence Service or service in our military, that you firmly believe that the Secretary of State has the world's honor and the world's trust. I think that message is enormously important, and coming from you, I think it has had and will continue to have a profound impact on the young people of our country.

So I commend you. I know that there are literally tens of thousands, hundreds of thousands of young people around the world in the military and Foreign Service and intelligence who are risking their lives to defend the values of this country. They take an oath to uphold the Constitution of this country, and I think you have helped build on and restore their sense of obligation and duty and love of these values and this Constitution.

You said yesterday, Mr. Secretary, that trust is the coin of the realm. I believe that you have helped restore that trust, and I think you have enhanced the value of that coin. And I thank you for it.

Chairman HAMILTON. Mr. McCollum.

Mr. MCCOLLUM. Thank you, Mr. Chairman.

Mr. Secretary, I know it has been a long day, a long couple of days. I have one or two questions I would like to ask you about. You have been criticized, in fact were criticized as recently as earlier this week, for not providing any alternatives to the Iranian arms initiative for getting our hostages in Lebanon back, and I think you rather extensively have responded to that, both from a question by Mr. Fascell and one by Mr. Trible today, and I think the essence of what you said was, simply put, that there is an ongoing operation, that you have always had one over there, and that you would rather not have any new ideas if they are going to be the type that trade arms or prisoners for hostages, and I happen to agree with you on that.

But I think that there is a fundamental question the American people have been yearning to get an answer to, and it may simply be they don't have a full understanding, and we need to give you the opportunity to give it to them. I think the American people are wondering why all these many months, with the hostages we have had in Lebanon, we haven't had a special operations team go in and try to pull some of them out. I think the American people are wondering if we don't have the stomach after Desert 1 to try something like that any more.

I think they are also wondering why the Soviet Union, who has been reported to have a couple hostage situations over there a couple years back, why they were ineffective in their apparent effort to deter that, and we have not been. At least that is the impression the public has. They may not have been effective. I wonder if you would take a moment to comment on that, as to why we haven't used a special operations team to get somebody else or tried to, if you know, and I assume you do, and why the Soviets might be more effective than we are at deterring the taking of their citizens as hostages in the Lebanon-Middle East area.

Secretary SHULTZ. On the latter, for one thing, they don't have any way near as many people wandering around, and they are much less able to act independently as an individual citizen. No doubt, there are other reasons as well.

As far as special operations are concerned, to conduct one successfully, you have to know, first of all, where are the hostages exactly. And then you have to—and we, of course, do have highly trained and very impressive people. I don't know whether you have gone and seen what they can do or not, but I have as part of my education on this subject. They're really good.

But then you have to feel that you can carry this operation off without winding up having the hostages get killed in the process. And I am not in any position here to go into the ins and outs of people's thinking about those matters, but I think it's quite obvious that we haven't as yet felt that the conditions were quite suitable.

Mr. McCOLLUM. Without disclosing anything that I wouldn't want you to disclose and you wouldn't want to today about this sort of thing, have you participated in discussions where this has come up? I mean, has this been discussed as a possible option from time to time, and among the national Security Planning Group, with the President, with others in the administration over the past few months, or is it just something sitting there we just can't do it now because we don't have intelligence, or whatever?

Secretary SHULTZ. No, the issue gets discussed. We have an antiterrorism group. There is an ambassador at large in the State Department who chairs it. Our efforts with respect to terrorism have improved a great deal over the last 3 or 4 years, and the possibility of using special forces is very much there.

I might again point out that it isn't as though what we have done has been completely ineffective by any means. In the last 4 years, there have been about 70 instances of terrorist incidents that we are pretty sure were about to happen which didn't happen because of our improving intelligence capability; and in the last couple of years, the number is something like 180, or so, not just Americans, but people from other countries. So the network of collaborative intelligence activity that has been put together, a capability of doing something about it, is very much present.

Beyond that, I think that the terrorists need to know not only that they have no place to hide and that there is active law enforcement effort as we see in various countries—and I think applying the rule of law here is very very important—but that countries will take action, and I think the actions the President took against Libya had a big impact on puncturing Qadhafi's balloon, the President did that very effectively, and also the time that was referred to by—just a few moments ago—in bringing those terrorists down who were in a plane, it was an example of doing something.

Mr. McCOLLUM. I agree, Mr. Secretary. And without asking another question, I would also add a personal comment that I think the sooner we get the Assistant Secretary of Defense of this operational force for special operations, the better off we will be in coordinating these things, and I know that is another political question, but it is one that some of us are a little irritated by in the whole process.

I want to move on to something else: Central America, the Contras. We talked a lot about the hostage business, very little about them in talking with you. I am concerned, I am one of the strong supporters of the Contras, I happen to believe deeply, as many have testified here before this committee, that we have some real problems if the Contras fail.

But I am not sure even after Colonel North's moving testimony that we are going to have votes this fall to renew the aid. If Congress, heaven forbid, does not renew that aid, do you have any recommendations that you are prepared to make to the President as to what we do in Central America with regard to Nicaragua?

Secretary SHULTZ. Well, Congressman, I, like you, feel that support for the Freedom Fighters in Nicaragua is essential, and I hope very much that we can have a continuity of the policy that has been put in place by the Congress with respect to the freedom fighters. So I prefer to fight to keep that going, and I don't want to take the chance of undermining that fight by acting as though there are a lot of other good options.

Mr. McCOLLUM. I don't think there are.

Secretary SHULTZ. I don't think there are good options.

Mr. McCOLLUM. I don't think there are either.

Secretary SHULTZ. I think there are some things to be said, however, about our Central American policy. Because it's very important in gaining support for this policy for people to see that there is a lot more to it than just supporting the Freedom Fighters, important as that is. In the first place, partly as a result of our policies, the instinct of people in Central America to want freedom and democracy and the rule of law has come to pass now in four countries. It's fragile, but it is making progress, and we are supporting it, and through the discussion and the debate that's taking place the support is broad, bipartisan, and I think it's quite heartening to see how that has moved along, and that is an important element in this policy.

Among other things, if Nicaragua is surrounded by countries that are treating human beings much more decently and where they are getting ahead much more ably, that sends a message in itself.

Second, with respect to the Nicaraguan problem, we have another instance of the fundamental approach that the President has used in time after time, and that is an interplay of strength and diplomacy. It's very difficult to conduct effective diplomacy if you have no strength. It's very difficult for me to expect that there's any chance at all of getting the Nicaraguan Communists to talk sensibly at any Central American bargaining table if they don't have some facts on the ground to confront that show them that they're not going to get their way in totalitarianizing that society and suppressing religion and the press and so on. And if they see that this natural instinct for freedom and religious expression in Nicaragua just can't be denied, they may have to shift their ground, and we should support it.

And in the process, of course, we should support a genuine negotiating process that is designed, if it's possible, to achieve a satisfactory negotiated result.

Obviously, we don't want a bad agreement, but if there is a good agreement to be found we should be ready to try to find it so that strength supplements diplomacy and diplomacy supplements the strength. So we have a multi-faceted approach to the issues of Central America that is working, and has broad support, and we have a particular element that is crucial; namely, continuing to support the Freedom Fighters in Nicaragua. And we must continue to do that for all of the positive reasons I have spoken of, but also for the reasons of denial of the Soviet Union to get themselves a base, in effect, on the mainland of the Americas to be able to surveill our Pacific regions as they now can do out of Cuba and the Atlantic.

And they are, as somebody here read out, pouring lots of funds and military equipment. They outspend us in Central America and the Caribbean by quite a lot. You have to ask yourselves why. But I don't want to justify what we're doing just on the basis of pointing to what the Soviets are doing. I think what we're doing is fundamentally to be explained and motivated by our desire to see freedom and democracy and the rule of law be the way of life in our neighborhood, because we think it's a much better way of life for those people, and we also recognize that from our own standpoint; our security, our prosperity, our values will be more secure if our neighborhood is a democratic neighborhood.

Mr. McCollum. Mr. Secretary, you have always articulately and convincingly explained that whenever I have been in a forum where you have been present discussing this issue, and I'm very delighted you took the occasion of my question to do it again for the public today.

I want to comment on something it just can't help go away from me here. When Elliott Abrams was up here testifying a few weeks ago I brought up something before him that disturbed me a great deal, and I know from what he said it disturbed him. And it has to do with something, we are not always very good about criticizing and that's ourselves, we Congress persons. We often are very quick to criticize you or somebody downtown no matter what it is, but we don't find self-fault too often.

I brought to his attention a series of unclassified State Department cables from El Salvador which discussed in those cables the numbers of organizations that were fundraising for the FMLN, the communist guerrillas in El Salvador, the countries where we have one of those democracies, the shining light down there. These aren't cables. We are not talking 2 or 3 years ago, we are talking within the last 6 to 8 months. Amongst those were discussions how they did it in the United States, raising money right here. I also showed to Mr. Abrams copies of letters that had been signed by three Congressmen, three Members of Congress raising money for some of these organizations and also in one case raising money for the Nicaraguan network, one of the Sandinista supporting groups.

I don't know about you, but no matter how noble purposes my colleagues might have in their efforts to be humanitarian with this, those cables described how good, sizeable, hunks of moneys raised by these organizations go not to free the humanitarian needs but go for weapons, arms and so on especially in El Salvador for the communist guerrillas. And I wondered if you shared my concern and indeed in my case outrage that my colleagues would go out and do that kind of fundraising in the face of what you are trying to do with your diplomatic efforts and what we are trying to do to resolve that situation down there, and I frankly want to know. Do you feel the same way I do about it? I just don't think it ought to be done.

Secretary SHULTZ. I agree with you.

Mr. McCOLLUM. One last comment.

Secretary SHULTZ. People do have rights as Americans and you can't tell them what they can or can't do. But it always surprises me how easily people seem to accept raising funds to support the Nicaraguan communists and how much, how negatively they seem to react to raising funds to support the people fighting for freedom.

Mr. McCOLLUM. I have one closing comment with you which has nothing to do with that directly, although I'm deeply disturbed by it. Commentators in the last few weeks as we have conducted these hearings, Mr. Secretary, have kind of gone on a balance sort of a strawman situation with regard to President Reagan as I see it. They have set a situation that is sort of no win. They have been saying for weeks and weeks now that if the President hadn't been telling the American public the truth about his knowledge of the Iranian initiative and the Contra diversion and so on, then of course he is condemned.

On the other hand, they have been saying that if it turns out in these hearings that the President had been telling the truth, that he really didn't know about the diversion, it was going to come out he was a weak, hands-off President and that he would be condemned for, too. Well, as it turns out in the last few days, including I think your testimony, it's become very clear to the American public that the President of the United States is right on both of those counts. He has been telling the truth to the American people, I don't think there is any evidence supporting any view to the contrary about his statements about these matters, in fact he has been overall honest in some views, he has been very frank about having erred in, been mistaken in his concepts of what his view of the situation was with regard to the arms for hostages question which I don't think any of us agreed with up on this panel.

But, on the other hand, it's now very apparent, too, that while he has admitted to not knowing a few things like the diversion he also is a hands-on President, pretty darned tough, decisive, knew full well about the Iranian policy in general that he supported even over your objection. And certainly has been actively interested in bridging the gap for fundraising for the Contras during the Boland Amendment time. Maybe not knowing every detail but a strong President.

Now these same commentators are coming back and saying, well, so he is not a weak President and so he has been telling the truth but he is still to be condemned because these are terrible policies and they are all wrong. My gut feeling is about all of this and I think the public shares this, is that indeed Ronald Reagan may have made one mistake or two with regard to the Iranian initiative and certainly the arms for hostages part of that, which he has fessed up to. But now we look at it, I don't think he made any mistakes with respect to the Contra business. He has a lot of problems underneath his administration which we've talked about and you put them into context, is only a minor part of it and what we are left with is a very, a big picture of a very decisive President who would that kind of decisiveness we would not have had Grenada, the Libyan operation and we would not have had the support necessary for the Contras to remain alive and I'm rather proud of that frankly, and I kind of feel that's what is coming out of these hearings at this point unless somebody tells me otherwise. I don't know how you feel about it. You may respond if you want, but that's all my time that I've got personally.

Thank you very much, Mr. Secretary.

Secretary SHULTZ. I am glad you said what you have said. I am a strong supporter of the President and admirer of him.

Chairman INOUYE. The panel will stand in recess after Senator Hatch's questioning.

Senator Hatch?

Mr. HATCH. Mr. Secretary, I have a lot of respect for you. This is one conservative who has a great deal of respect for you and I imagine by now you realize that as bad as being Secretary of Labor was, this can even be worse, being Secretary of State, but you have served in a distinguished way, Secretary of Labor, of OMB, Secretary of Treasury, of State, I don't know of anybody who has more brass plates on the back of his Cabinet room chair.

They say you have so many brass plates there that the chair leans over backwards.

I have respect for you and for the complexity and difficulty involved in your position. I also understand the national conflicts that arise between the Department of State, the Department of Defense, the National Security Council, the CIA, and other agencies.

It is a constant battle and it has been not just in this administration, but in almost every administration, and you have held your own quite well.

I think that is one of the most fascinating aspects about Washington life and you operate a very large Department with very diverse views and I understand that as well.

And I also understand your statement that in this particular instance, and I accept it, that you know, if you could have done things over, you might have done them a little differently, that you would not give yourself an A-plus.

I think we in retrospect can find lots of faults. I think anybody can. And I thought that was a humble thing to say.

I would like to make a statement and ask a couple of questions before we finish, but one of the things these hearings are doing, I believe, is giving a lot of people a better understanding of the President, and you have done a good job of that.

You and I have the pleasure of knowing him, but a lot of people don't have that opportunity.

You and other witnesses have portrayed him as a strong leader, as a strong decisionmaker, as a decisive leader, and one who doesn't shy away from tough choices, and if given the facts, will make the right choice.

He has also been shown to be a compassionate human being and I think that is very important in this matter.

I think a lot of us have forgotten how really intense the pressure was during this affair, from the hostage families, from the country at large through the media, to do something about the hostages in 1985 and 1986, and I believe that the President was motivated in the Iran initiative to open up a long-term relationship with the post-Khomeini regime or post-Khomeini Iran and I am sure if the hostages could have gotten released as a result, that would have been hailed as a great thing.

Had this succeeded, it would have been a covert action that probably wouldn't have us here today and people would be saying it wasn't a bad idea.

But it didn't work that way, and unfortunately that is why we are here.

As I review the chronology of events that you have prepared, it appears you became aware of the proposal to open up a new relationship with Iran as early as June of 1985, when Mr. McFarlane circulated his NSDD proposing a change in U.S. policy toward Iran.

Then in July of 1985, you received a cable from Mr. McFarlane in which he discussed Israeli contacts with certain Iranians and expressly mentioned to you that the Israelis were interested in a dialogue between the United States and Iran which would commence with Israel delivering TOW missiles to Iran and the Iranians trying to arrange for the release of American hostages.

Then on August 6, 1985, you had a meeting with the President where Mr. McFarlane again brought up the subject of a new U.S.-Iran dialogue which would involve Israel selling American-made TOWs to Iran attempting to arrange the release of four hostages, and then later in November when you and the President and Mr. McFarlane were at the Geneva summit, you learned about the HAWK shipment.

You knew at that point in time that all of the discussions about the Israelis selling U.S.-made arms to Iran had actually been carried out. And therefore, as I review the records, you were informed by Admiral Poindexter on December 6th that the HAWKs had been sent, but had been rejected by Iran and then on December 7th you attended a meeting at the White House to discuss the future of the plan.

On December 10th, you were told things hadn't gone very well at McFarlane's meeting with Ghorbanifar in London.

On December 11th, you were told that the President wanted other avenues "energetically pursued."

On January 4, you were advised that Mr. Nir from Israel—or Mr. Nir's visit to the White House where he proposed reviving the talks with the deal involving 3,000 TOWs.

On January 7, you attended another meeting at the White House where you again voiced your disapproval where the President and everybody else present with the exception of Secretary Weinberger decided to go forward with the program.

Then on January 17 at a family group lunch at the White House, the Iran proposal was again discussed and you again voiced your opposition.

As I count it, Mr. Secretary, over a seven-month period, you were personally involved in at least five major meetings and numerous telephone calls and other discussions about the Iranian proposal.

It would seem to me that after all those meetings and discussions that you were pretty well aware that something was going forward, that arms had been frequently discussed as part of the process, that the President was most interested in reestablishing ties with Iran and that people close to the President were actively working on this plan.

So you had quite a knowledge about this and you have been candid in your responses on this.

Now, in fact two other things that I would like to bring up for the record—in fact, you knew as early as February 28th, the full—I might add, a full 3 months before the McFarlane mission took place, that there were plans for a possible high-level meeting between Bud McFarlane and the Iranians, and you even approved of the Terms of Reference there and after all at the earlier discussions about a possible new dialogue between the United States and Iran after the frequent mention of arms sales to Iran in connection with those discussions—my question is, did you raise—after all of this—did you raise with anyone the questions of whether arms were involved in Mr. McFarlane's mission, and I am curious to know just what were your thoughts at that time about what was going on and what really should have been done?

You voiced your disapproval, but you are the principal player in this whole process, as I view it, and I think the adviser probably the President should have most listened to on this matter.

What were your thoughts at that time as you went through that whole process?

Secretary SHULTZ. You mentioned a whole string of things and I testified extensively here on most of them, and I don't want to just go back through and repeat.

Mr. HATCH. Sure.

Secretary SHULTZ. But with respect to the February information that I had about a high-level meeting that was to be held in Frankfurt, as I have said several times here, the information that I had was that through the contacts that had been made, it had been arranged that what the Iranians wanted was a high-level meeting to develop this dialogue.

Mr. HATCH. Right.

Secretary SHULTZ. They wanted somebody who was clearly a person well-known to the President, a prominent person, and what was said to me was that if we had that high-level meeting, then we start the dialogue at that level, and as that meeting takes place, our hostages will be released, and what did I think of that?

And I thought that was great, if that happened. I must say I was astonished that that could get arranged. And I asked—I said if Mr. McFarlane is going, then I think he should have written instructions.

So that was agreed to. And Terms of Reference were drawn up, and I read those Terms of Reference, and they were very satisfactory as far as I was concerned. The question of arms, as I recall, was in them in the sense of saying that at some subsequent time, if things sort of changed around, which has always been our policy, that could be considered.

So, I thought, that is fine. Then, in the middle of March, and I don't want to keep repeating things that we have gone over here, but I was told that the venue had been changed to an island in the Persian Gulf, and that on further discussion, in part because of reluctance by Mr. McFarlane to undertake the mission and other things, it had all been scrubbed, so it was over.

This incident, to me, suggested, A, things are going forward but they are going forward in a way, apparently, consistent with what I had thought was the right way to go about it, although it hadn't succeeded, and it was in part for that reason that when I was—when I got a cable from Mr. Armacost describing what had come into our London Embassy, I was so startled and distressed and immediately went to register my view, and do something about it.

And then I was assured, in Admiral Poindexter's words, we are not dealing with these people. And I find now, as your investigation reveals all of this information that I didn't know about, that within a day or two I guess it was, Admiral Poindexter is dispatching Colonel North with specific instructions in the light of my protest, I guess, to go about his business in London, but don't go anywhere near the Embassy.

Mr. HATCH. I can see——

Secretary SHULTZ. So that the record is just replete with these deceptions, which have been brought out here to a distressing detail. You listed the things that I knew about, which are accurate, and I have never said that I was uninformed, oh, quite to the contrary. I have said that my information was sporadic and fragmentary, I said that very early on, and as I look at the record of what was done, I can only say that that was the understatement of the year.

Mr. HATCH. Yesterday afternoon, Mr. Secretary, you had, as you know, and also heard some harsh words of criticism about the way the President was served by certain of his advisers, and you mentioned that a good adviser should go out of his way to point out the drawbacks to any plan so that the President could be fully and properly advised.

Secretary SHULTZ. Particularly the more controversial some element of it is, that ought to be highlighted.

Mr. HATCH. You said when you are dealing with foreign policy, you said words to this effect, that the more controversial the approach is, the more it is your responsibility to point it out. I believe that is true, I think it is a valid criticism of Admiral Poindexter and Colonel North, for that matter.

However, I think it may be equally a valid criticism of you, Cap Weinberger and of Ed Meese and of Bill Casey, because all of you are there to provide checks and balances in that process so that no one part of that process gets out of balance?

Secretary SHULTZ. I am perfectly willing to accept criticism, and I get it all the time, I am used to it, but in this case, I pointed up the problems on a number of occasions, and I might say that Secretary Weinberger did so as well, with considerable force and eloquence.

Mr. HATCH. I think what I am saying is, I am wondering in retrospect, do you have any thoughts on what you, as one of the President's closest advisers, if not his closest adviser on foreign policy, could have done to have better advised the President? Do you think that you yielded to temptation when your advice was rejected to refuse to have anything to do with the project, and in effect, sit back and wait for the day you could say, "I told you so"?

Secretary SHULTZ. Senator, I said I wanted to know the things I needed to know to do my job, and I think Admiral Poindexter so testified here. But particularly in light of the fact that I was in the doghouse with the intelligence community because of my attitude toward lie detector tests, I said the operational details of this you don't have to inform me of, so that if Mr. X goes to City Y to meet Mr. Z, and you want to keep that a secret, you want to keep that arrangement to as few people as possible, I said OK, but when it comes to something that affects my job, I want to know about it.

Mr. HATCH. I agree with regard to the lie-detector test. You were right on, and courageous to speak out against them the way you did.

On the other hand, it seems to me one of the major responsibilities you had is to be a vociferous, forceful advocate when you knew something was out of line and out of sync and out of balance with the President. And I think because you didn't, there was a role to be played.

I presume that was one reason why—you did to a degree——

Secretary SHULTZ. I tried to be as forceful as possible. But I didn't make a sale.

Mr. HATCH. I didn't make those comments at the beginning because I think that you are not a great Secretary of State. I told you I understand the difficulties. But now in retrospect, if you had to do it over, I think hopefully you would have gotten in there and really let the President know and hopefully you would come up through all the minions at the Department of State with alternatives to these type of programs.

Look, I said from the beginning of this process that there should never be a transfer of arms for hostages. This was more than that, and I think most witnesses, including you, have agreed that at least that was their intention, to do more than that. Although you have said you think that is what it ultimately came down to, and it did.

Number two, I do not believe that the National Security Council is equipped to do covert actions and to operate them, and I don't believe that they should be operating covert actions, although they do participate as the ultimate consumer for intelligence.

Three, as neat as Oliver North thought the idea was to sting the Ayatollah and send the extra moneys to the Contras, I don't think that should have been done.

Number four, I think this points out the difficulties with privatization of foreign policy, but anybody who doesn't understand that just through human intelligence alone sometimes you privatize foreign policy, just doesn't understand foreign policy, but it does point out the problems.

Number five, you can't let Congress off the hook either, because we have thrown roadblocks up consistently to a viable foreign policy on the part of the administration and you more than any other person understands that, it seems to me, except the President.

I guess what I'm suggesting here is that in addition to providing good judgment, a truly good adviser needs to support his leader and help him to implement his plans. I think you have done that by and large. But that's even if the adviser disagrees with his leader. I don't think you have to carry out a program you think is wrong. But I think you have an obligation to come up with alternatives, and I think you have an obligation to point out where it is wrong, consistently and throughout the process; there were many aspects of that process.

I will end again by saying that I respect you. I think you have worked as hard as anybody in our government in the best interests of our country. I have a lot of regard for you, and I know that you have done it in the most difficult situation that anybody could be in outside of the President in most respects. And I think you have managed it well and you have handled the internal difficulties within the Department of State well, and there are plenty of those, and I have respect for you.

And I don't mean by my questions or comments to be overly critical of you, but I'm sure you did what you thought appropriate under the circumstances, and it's easy to criticize with the benefit of hindsight. So I don't want to leave the wrong impression. You are a truly dedicated American with great skills; I have no doubt about that. But I do think that the reason you have on that National Security Council not just a National Security Adviser but the Secretary of State, the Secretary of Defense——

Secretary SHULTZ. The National Security Adviser is not a statutory member of the National Security Council. Let's get that straight.

Mr. HATCH. He is there and he participates, and you and I know it.

The reason you have all of these people there, including the Vice President and the Secretary of Defense, et cetera, is so you have checks, balances, and ways of getting different ideas when something like this, a flawed policy like this comes forward. And that is what has happened here.

Again, it's easy to criticize in retrospect, and I apologize for having done so, but I want to say I respect you in the process.

Secretary SHULTZ. Could I make one comment, Mr. Chairman. I know the red light is on.

To the extent that these hearings are about what went wrong in order to see what needs to be done for the future, when I testified in this room on December the 8th and said I didn't give myself an A plus, I was thinking I guess very much like you were saying—somehow I should have done more, and that is the answer to what went wrong.

As I have seen what happened unfold, this vast record that I knew nothing about at the time, and I tend to be perhaps more self critical than I need to be, or at least that is—some tell me that——

Mr. HATCH. You do.

Secretary SHULTZ. But my tendency to be self critical on the one hand has given way to anger at this deception, but, on the other hand, in thinking about you, about what happened and what went wrong, I think if you conclude that what went wrong was that the Secretary of State and the Secretary of Defense didn't fight enough, and if you only had harder fighters around, everything would be great and that is the end of your investigation, I don't think you would have made the point.

The point is that what went wrong was a number of things that go a little deeper than that. What went wrong was that intelligence got mixed up with policy in a way that led to, I think, an incorrect impression to the President. What went wrong was that a covert operation was conducted by a staff group that was not accountable to anybody.

Mr. HATCH. That is right.

Secretary SHULTZ. What went wrong is that you had a staff person, the National Security Adviser, in the possession of information about some funds, and he had the decision to make all by himself, shall I tell the President or not that we can use these funds for some other purpose. And leaving aside the questions of did the President know, didn't the President know and so on, that you all have looked into and come out very clearly, I think, the President did not know, the more important question is: How is it that that decision was solely in his hands, and I think that shows what was wrong. The operation was not in the hands of an accountable group.

So in kind of reacting to your very nicely couched criticisms——

Mr. HATCH. I hope they were.

Secretary SHULTZ. I accept them, and I will take any criticism anybody wants to give, but I think that you shouldn't delude yourself in analyzing this into thinking that the problem was just that some people who should have been more forceful weren't. It is something different, and you have to look for other explanations, and I would say whatever, having listened to Secretary Weinberger, he was pretty forceful.

Mr. HATCH. Yes, he was.

Secretary SHULTZ. And he can do it. And I was too.

Mr. HATCH. Mr. Chairman, let me just say this: I appreciate those remarks, and certainly I haven't deluded myself. I understand the other aspects of this. It still doesn't negate the fact there was a lot known, even though there was some deception practiced here.

Last but not least, if you look at the major foreign policy goals that are sprinkled throughout the hundreds of thousands of documents in this affair, it was a lot more than just arms for hostage too, and a lot of those goals, in fact most all, were pretty darned good goals.

The question is how do you do it, and who comes up with the alternative approach that what was superior to what was offered in this particular case, and I don't think many alternatives were offered.

Thank you, Mr. Chairman.

Chairman **Hamilton**. The joint hearings will stand in recess. When we return, we will hear from Congressman Boland.

[Recess.]

Chairman **Hamilton**. The joint hearings will resume.

Mr. Boland?

Mr. **Boland**. Good afternoon, Mr. Secretary.

You might have given yourself less than an A-plus when you were here in December before the Foreign Affairs Committee, but I am going to give you an A-plus for yesterday and today.

When you get to the bottom of the ladder, all the questions that have been asked, it is almost impossible to think of one that has not been asked and that you have not answered.

There is just a couple that I will ask as I am conscious of the fact that you would like a nice week in the country, weekend in the country, and I think the temperature up in the Berkshires runs around 80 degrees and that will be a nice place to go for the weekend.

Mr. Secretary, you have testified that Attorney General Meese interviewed you in connection with the Iran affair on Saturday, November 22d, and the committee has received evidence that indicates that your meeting with the Attorney General came shortly after he was informed that you had notes reflecting your knowledge of the November 1985 HAWK missile shipment.

Did he give you any reason to believe that your notes presented any problems for the administration?

Secretary **Shultz**. No, sir. He interviewed me to find out information that I could give, and I tried to answer all his questions.

Mr. **Boland**. I presume that he indicated the notes were, to him, might have been very important.

Wasn't he called back from West Point at that time for that meeting?

Secretary **Shultz**. That I don't know. I heard on late Friday afternoon or early evening that the President had directed him to make an investigation and he wanted to interview me. So I came.

I don't know that he talked about notes. He wanted to get information that I had. And I believe the information that Judge Sofaer had used to intervene on a point of fact in some testimony proposed to be given as—and Judge Sofaer's intervention was based on information that I had probably triggered his interest in me.

Mr. **Boland**. Thank you.

Now, Ambassador Tambs testified that he received instructions from Colonel North to open a southern military front in Nicaragua. He said, Ambassador Tambs, that he complied with those instructions because he assumed that they came from the Restricted Interagency Group, the RIG, on Central America.

What is your understanding of the limitations on the ability of a RIG to make policy decisions?

Secretary SHULTZ. Well, that interagency group was basically a coordinating group on the conduct of our Central American policy chaired by Elliott Abrams, and it was more of a tactical sort. There were other potential meetings, groups, including, of course, the National Security Council Group with the President as the ultimate authority.

Mr. BOLAND. Now, if the RIG had reached any conclusion on the advisability of opening a southern military front in Nicaragua, would you have expected to have been informed about it by your representative on the RIG?

Secretary SHULTZ. Well, major policy changes or developments would presumably be discussed either in the course of the normal activity and interaction or in somewhat more formal meetings.

Mr. BOLAND. And, to your knowledge, did Ambassador Tambs ever question a representative of your Department about the authorization for the instructions given to him by Colonel North?

Secretary SHULTZ. Not to my knowledge. I write a letter to each Ambassador, and I have been particularly conscious of doing so for the last few years, that has an explicit paragraph in it about the chain of command, and who it is that an ambassador should take his instructions from. And that goes from the President to me and through the Assistant Secretary of the region involved to the ambassador.

Mr. BOLAND. I want to thank you for your appearance here yesterday and today. Your testimony has always been candid and complete, and I think it has contributed enormously to our understanding of what happened in this affair and why it went so tragically wrong. You are a person of enormous experience in and outside of the government, and very great ability. And as the President's chief spokesman in foreign affairs, your views should have been accorded far greater respect in the Iran-Contra affair than they were. Regrettably, you were viewed by the architects of these policies as an impediment to be circumvented rather than as a voice of reason to be consulted. Perhaps they feared that had you learned of the inducements they were offering the Iranians, the manner in which the transactions were being structured to produce residuals and the uses to which those residuals were being put, you would have done what they did not have the integrity to do, to inform the President.

Because you would not subscribe to a policy which you could not agree, you have been criticized for not being a good soldier. But government service, especially at the cabinet level, must involve more than blind devotion. It demands people who are not afraid to disagree because they will be accused of being disloyal.

You understand that, and I believe that Ronald Reagan to his credit understands it, too. Your principal dissent in this affair provided far greater service to the President and this country than did the actions of those who with supreme arrogance believed they could substitute their judgment for that of the President they professed to serve. And I hope that this particular investigation and the lessons that will be learned here will sink in with the American people, because I think they clearly indicate to the American people what happened and what went wrong.

Thank you, Mr. Secretary.

Secretary **SHULTZ**. Thank you.

Chairman **HAMILTON**. Mr. DeWine.

Mr. **DEWINE**. Thank you very much, Mr. Chairman.

Thank you, Mr. Secretary, for your testimony.

As I have sat here for the last day-and-a-half I have been troubled by one thing, and I would like to, if I could, Mr. Chairman, just briefly state that for the record. I fully understand the White House's decision to instruct you, Mr. Secretary, to come to Capitol Hill and reveal the conversations that you had with the President of the United States. I understand why that decision was made. I'm not even critical of that decision. The President wanted to cooperate with Congress, the President has cooperated with Congress, and he felt that was the best thing to do under these circumstances. But I do agree with you, Mr. Secretary, that this should not be and cannot be considered a precedent, and I just wanted to make sure that that was on the record.

Secretary **SHULTZ**. I appreciate your returning to that. It's a very important principle.

Mr. **DEWINE**. I think, Mr. Secretary and Mr. Chairman, to permit the disclosure of intimate conversations between the President and his advisers is really destructive of meaningful and candid dialogue. My concern stems not from the revelations of the last day-and-a-half nor from the fear of the truth, but rather from the chilling effect of pursuing this course. It is essential that the President and those advising him feel uninhibited in their communications. They should believe without reservation that their private conversations, memorandum can be totally forthright and candid. To feel otherwise would rob the President, any president, of the kind of advice he truly needs.

I just have several questions. As Mr. Boland points out, when you get down to the end of the game here there aren't too many questions left, Mr. Secretary. But there is a couple areas I would like for you to clarify and things that I think are uniquely in your knowledge.

Mr. Secretary, as you know, the last of the Boland Amendments which went into effect in November, 1985, provided for $27 million in humanitarian aid for the Nicaraguan Freedom Fighters. This specific law also spelled out this could not be administered by the CIA nor by the Department of Defense.

Ultimately, this responsibility was turned over to the State Department. Were you in favor of that, first of all, administering that program?

Secretary **SHULTZ**. I didn't like the idea. But it came to be clear that that was what I had to agree to if we were going to get the money, and I was very anxious to get the money, and so I said, all right, if that's what it takes, we'll do it. And I think we did it quite well.

Mr. **DEWINE**. Could you describe why you had some reservations about that and maybe any problems, very briefly, with the limited time I have, any problems that you may have had in regard to administering that? Is there anything about that type of program that is maybe tougher for the State Department to administer than some other agency?

Secretary SHULTZ. Well, there are basically two things. Number one, it was an overtly voted program, that by its nature had to be administered covertly. And I think that—that is not the State Department's thing to do. That is what CIA does; they administer the covert action programs. So you—I'm a great believer that we have different organizations in the Government because there are different kinds of functions, and it's a mistake to mix up functions.

So that I think was one principal reason. And the other reason was that we didn't have any direct experience in administering that kind of thing in that area. Of course, we—AID had facilities and so forth and we weren't totally without experience, but we weren't doing that. So we had to kind of get something going from scratch, and as I say, I think it was done pretty well.

Mr. DEWINE. You were ultimately criticized by Congress, or at least one subcommittee of this Congress I happen to serve on, for the way your department conducted that. Did you think that criticism was justified?

Secretary SHULTZ. No, I don't. I think it was based on an accounting difficulty, really. We were charged with delivering humanitarian aid into a place where we were not permitted to be. Therefore, it was not possible to put certified public accountants in that place to account for the fact that what was delivered was actually delivered and to the people for whom it was intended.

And our only method of verification was through the intelligence that we were able to gather about it, which fundamentally satisfied us that by and large it was delivered. But we were not able to share that intelligence with the GAO and so they said that we, as far as they were concerned, we couldn't account for it.

So I think that was a misplaced criticism myself.

Mr. DEWINE. Mr. Secretary, Mr. McCollum asked you a question and he listed a response from you about the Contras. I would like to ask a specific question about that.

You have always been a very forceful advocate for the President's policy in regards to Central America. There is a discussion on the Hill that maybe what we should do this year is go for a two-year appropriation or a long-term authorization and appropriation in regard to the Contras. Do you have any comments, very briefly, about that?

Secretary SHULTZ. I think that the greater the extent to which we can let people see that the United States has staying power behind its policies, the better those policies will work, and the quicker they will work. So if we signal that this is something we're sticking with, unless things change in a favorable direction, I think it will help to bring about the results that by and large everybody seeks.

There are arguments about how to go about it. As we know, that's essentially what this is, but we should make up our minds as to the degree we did when the money was voted last year and then the more we can show that capacity to follow through and stay with it, I think the better off we're going to be.

Mr. DEWINE. Let me switch gears, if I could, Mr. Secretary. I believe you said yesterday that the intelligence information that was supplied by the CIA regarding this whole Iran initiative was not good, was incomplete or inaccurate.

Could you clarify for me what you meant by that, and just tell me, if you could, how you came to that conclusion? What made you think it was bad?

Secretary SHULTZ. Well, I disagreed with it. That doesn't necessarily make it wrong. But others did, too. But I felt, I felt the analysis presented in the middle of 1985 was faulty, I felt that by early '86, as I testified in connection with questions from Senator Nunn, that it had tended to get corrected, I felt that the information being presented about Iran and terrorism was not on the mark.

And I felt that beyond these specific things, there was, so to speak, a kind of structural fault in that the intelligence gathering and assessment function had been joined together with the operational function, and that tends to at least make you wonder whether or not the intelligence was affected by the desires of the people in the operation.

And that may or may not have been true, but I think it gives you that suspicion and it is better not to have it.

Mr. DEWINE. Did you have independent intelligence that you were comparing with that, or was this just an instinctive reaction to it?

Secretary SHULTZ. No, we basically rely on the same sources, but what happens, as you know, is——

Mr. DEWINE. Communications?

Secretary SHULTZ. —if intelligence flows in and you see it, and there is general information around, and there is a lot of information that is just publicly available, and you are aware of that. And then a group of people who are the intelligence analysts get together and they examine things undoubtedly with greater care and sophistication and thoroughness then people who are busily doing other things can do, and they draw up an estimate, it is a rather formal process, and present it.

But that doesn't prevent any individual here who sees the flow of the raw, of the semi-raw or processed intelligence from having a different view than the systematically presented one.

Mr. DEWINE. Mr. Secretary, did you tell the President of your belief that this intelligence information was wrong?

Secretary SHULTZ. Yes, I did. I told him that I thought that—one of my problems was that I had become uneasy with the intelligence.

Mr. DEWINE. When was that you told him?

Secretary SHULTZ. I told him that on the occasion in which I resigned in the middle of August. I told him that, I wrote it out in 1985 when I responded to a draft NSDD. This didn't necessarily go to the President, but I registered in my written response which you have that I questioned the intelligence, I said I have two problems with this memorandum.

One is an analytical problem, and the other is an operational problem. And then, in other conversations, I questioned it.

Mr. FASCELL. WIll the gentleman yield at this point, and I will yield you part of my time?

Mr. DEWINE. I appreciate that. I certainly will. I yield to my chairman.

Mr. **Fascell**. Isn't it a fact one of the problems you ran into was information that came to your attention that there was a report and assessment on Iranian activities dealing with terrorism, it was over in CIA, and you got the information that that report was being suppressed by the Director?

Secretary **Shultz**. Well, I can't remember all of the ins and outs of it, but I know there was a great controversy about the analysis of Iran and terrorism, and we in the State Department and I were troubled by it all, and by the way in which we felt the true situation was not being allowed to appear. And I don't know about any suppression of data. I don't recall that.

Mr. **Fascell**. Well, I will call your attention to this memorandum when you get a chance. Thank you very much.

Mr. **DeWine**. Thank you very much.

Mr. **Fascell**. I yield him whatever time that took.

Mr. **DeWine**. If I understand your testimony, you came away from the January 7, 1986 meeting in the White House with the realization your opposition to arms sales to Iran had really not carried the day, is that correct?

Secretary **Shultz**. What was presented was a set of things, some of which I objected to and some of which I didn't object to. The arms sales were one of the things that was in the package that was presented, and that was basically what I objected to so strenuously. The impression I had of the views around the meeting I reported on, but as I have said here, nothing is ever over, and you can stay and fight about it and see what happens and so on, and that is what I did.

Mr. **DeWine**. It was after this that you basically or at this time you basically said that you wanted to know anything that the Secretary of State needed to know, but you didn't want to know necessarily the operational details, isn't that correct?

Secretary **Shultz**. That is correct. That's what I said, and I believe that's about what Admiral Poindexter said, and we agree on that.

Mr. **DeWine**. That is true. What type of information could you tell us about what type of information a Secretary of State should have been aware of in this type of operation?

Secretary **Shultz**. Well, just to take an extreme, the things that were part of this nine-point program were sweeping revisions of policy, and just breathtaking. I will just use that as an example.

However, at various times during this process, as has been brought out in the testimony, I inquired about what went on. I was given information about various things which I think perhaps understandably led me to some conclusions. When I got information as in early May, I intervened with respect to that information, so my view and my concerns were certainly known to people.

Mr. **DeWine**. Mr. Secretary, who did you feel was going to supply you with that information, whose role was it in this case?

Secretary **Shultz**. Well, when I asked Admiral Poindexter what was going on, I expected an answer from him. When he told me about the planned meeting in Frankfurt, I expected that he would describe it to me accurately. When I went—

Mr. **DeWine**. Basically—

Secretary SHULTZ. When I went to him about this cable involving what was told to people in our London Embassy, I expected him to respond to me candidly about it.

Mr. DEWINE. So you looked to Admiral Poindexter then.

Mr. Secretary, let me, if I could, I see my time is almost up, I just have a couple comments that I would like to make and then if you would like to respond in any way, I think I maybe have one minute or so.

Let me make, if I could, a very brief statement at this point. I want to thank you very much for your testimony. You have been very candid. I think you have been a very good Secretary of State.

I have enjoyed having the opportunity on the Foreign Affairs Committee to work with you.

I think it is clear, the facts are very plain, that you were right about a lot of this, with regard to the arms sale, you were right about the whole thing.

In essence, you were a prophet, just about everything you said was going to go wrong did go wrong.

Having said that, I do feel that after listening to your testimony and after listening to the evidence for the last 8 weeks, that I am in general agreement with the Tower Commission.

I think the basic problem, at least in this Congressman's mind, was that neither you nor the President really knew the essential facts.

You gave Admiral Poindexter complete authority to decide what you needed to know.

You took the risk, and it was a risk, that he would give you enough information about the Iran initiative for you to do your job.

In essence, you left the fox to guard the chicken coop.

Secretary SHULTZ. That is not correct. When I asked him——

Mr. DEWINE. Mr. Secretary.

Secretary SHULTZ. No, no. When I asked——

Mr. DEWINE. Mr. Secretary——

Secretary SHULTZ. —about the information I got in Tokyo, I was not leaving it up to him to decide whether to tell me about that or not. I was putting information to him and what I got in response was not accurate.

Mr. DEWINE. Mr. Secretary, I appreciate your comments, and I have my thoughts and I know you have yours, and if I could finish mine, then you can certainly say anything you want to.

You are a very articulate individual and you have impressed this committee very much.

If I could say what I think as a Congressman who has sat here for 8 weeks listening to the testimony and I am in basic agreement with what the Tower Commission said.

I think it is very clear that you had and have and deserve to have good relations with the President of the United States. It is proper. It has been demonstrated very amply when you had what you describe as a barking session with the President after this whole thing started tumbling down, you went to the President, took the bull by the horns, and got the President and got him the essential fats and you got the facts as well.

So you have that relationship.

You have been a Secretary of State who has served along with and through the tenure of four National Security Advisers.

You have been a strong Secretary of State. You are well respected on Capitol Hill as the last 2 days have amply demonstrated, yet in my opinion, you let Admiral Poindexter cut you out.

You discussed your resignation on three separate occasions, on one of those occasions having to do with a polygraph, but you did not discuss it in regard to what has turned out to be the major foreign policy disaster of this administration.

You stated you did not want to know the operational details. In my opinion, you purposefully cut yourself out from the facts.

In fairness to you, there is no doubt you were lied to, you were misled and you clearly were deceived. But in hindsight, Congress, those of us who sit up here, are always good with hindsight, no doubt about that.

In my opinion, you walked off the field when the score was against you. You took yourself out of the game.

It seems to me, Mr. Secretary, you permitted Admiral Poindexter to get between you and the President just as he got between the President and the American people.

As a result, our foreign policy suffered because the two key players, George Shultz and Ronald Reagan, were out of the game.

Thank you very much.

Secretary SHULTZ. Well, I will just say that is one man's opinion and I don't share it.

Mr. DEWINE. Thank you, Mr. Chairman.

Chairman INOUYE. The Chair recognizes Senator McClure for 10 minutes.

Mr. MCCLURE. Thank you very much, Mr. Chairman, and I thank my colleague for accommodating my need to go at this time. I want to review the record in a couple of respects and what might surprise you, Mr. Secretary, to go into the record in areas where we are in agreement rather than seeking out areas where we may be in disagreement, but before doing that I want to touch back on a couple of comments made by the Dawa prisoner release because I am afraid the last 2 days may have left the American people with the wrong impression about what was proposed, who proposed it and what it meant and recognizing that in this instance, those facts that we have are subject to interpretation and therefore interpretations may differ and honest people may come to different conclusions.

It was characterized yesterday in bringing the subject up that the nine point—the Hakim nine-point program included a promise to get the Dawa prisoners released. I don't read the record that way. That is not the way I heard it, that is not what I read in the nine points. I might also point out that the nine points were the product of Mr. Hakim given to us in a corrupted version of Farsi that caused a little bit of difficulty to the translators, even to write it out for us in English, and to check his translation into English from what was originally written in Farsi.

I think it is important to remember what Mr. Hakim said about it, the Iranians needed something. It was suggested to us by the Iranians and the Israelis that this was an important emotional issue to them and if we just give them a little something to lead them on we could let them down later or words to that effect. I think to extrapolate that into somehow a U.S. Government representative position that we were going to promise to get the prisoners released is a tremendous extrapolation from the known facts into the speculative, and I for one don't follow that.

I noted also, and I don't think Senator Rudman intended to mislead anyone, but his remarks might have left the wrong impression with some who don't know the record as well as some of us who have been living with it for some time, because in his comments about the nine points and the Dawa prisoner release he also referred to that other document that has a discussion about Saddam Husayn must go. It is important for us to recognize that that is not a part of the nine points, and it was not included in the Hakim proposal and as far as I know, was not at any time even represented to this committee that it had been approved by Admiral Poindexter or presented to the President and approved by the President.

If I may then turn to a number of things upon which you have testified in the past, and I want to just read a little bit if I may about some of your prior testimony so we won't have to repeat it all here today. You have argued that Israel's significant role in the Iran initiative was problematic because Israel's agenda in the Middle East differs from that of the United States. You also believed that Israel's participation increased the possibility that the secret arms sales would be leaked to the press. Those are based upon excerpts from your earlier testimony.

In the House Foreign Affairs Committee, you said, as far as the Israeli connections here are concerned, it is quite clear that the Israelis apparently came back to the people in the NSC on a number of occasions and revived this or in one way or another kept it going. In my judgment it is not correct to in some way try to blame the Israelis for that. I don't think they can say that they were not passive, that this is not correct, either. Before the Senate Intelligence Committee you said on June 5, 1985, "in Portugal I sent a message to Mr. McFarlane complaining about Mr. Ledeen's contact with the Israelis which had bypassed both Ambassador Lewis and myself. I said that Israel's record of dealings with Iran indicates that Israel's agenda is not the same as ours. An intelligence relationship with Israel concerning Iran might not be one upon which we could fully rely. I felt that it could seriously skew our own perception and analysis of the Iranian scene."

Again at another place in the hearing record before the Senate Intelligence Committee you said, on June 7, 1985, "Mr. McFarlane said it had been on Israeli initiative and that Mr. Ledeen was acting on his own hook," referring to Mr. Ledeen's visit to Israel.

In the House Foreign Affairs Committee you said on January 5, 1986," Vice Admiral Poindexter told me that Amiram Nir, Prime Minister Perez's adviser on terrorism, had come to see him to revive the hostage idea. I said that this presented all the same problems as before. It would be a payment that blows our policy and Israel would have an interest in leaking such a deal."

In the House Foreign Affairs Committee you testified, "I have been told that Newsweek had the story on the Kimche-McFarlane meetings but did not run it. I noted that Kimche may have leaked it deliberately. My impression at the time was that Vice Admiral Poindexter's remarks to Mr. Nir's idea was negative."

In the Tower Board hearings, you are recorded as having said the reason for all of that is that "I felt that one of the things Israel wanted was to get itself into a position where its arms sales to Iran could not be criticized by us because we were conducting the Operation Staunch and we were trying to persuade everybody not to sell arms. That is what all that is about."

Before the Senate Intelligence Committee you said, "the Israelis have had an arms relationship with Iran that goes back to the Shah's day. The Israelis are legitimately concerned. We are, too."

At a later point in the same testimony——

Secretary SHULTZ. That was with respect to Iranian Jews I think, that comment.

Mr. MCCLURE. "The Israelis must consider the Arab countries as their enemy, at least technically and sometimes literally at war with them. We are not. So from the Israeli standpoint, I think it is reasonable to say that if the Iranians are engaging the Iraqis and debilitating them, well, so that is all right. I don't want to presume to speak for the Israelis. Whereas our view is we are better off, given our interests, if the Iran-Iraq war is brought to an end under proper circumstances and we are more concerned in terms of our relationships with the Gulf states and with the Egyptians and others about Khomeinism than the Israelis are."

That is the end of your quotations. I just want to express my agreement with the statements that you have made. I think those several statements actually portray some of the concerns this country should have had and I think you did have with respect to the developing policy in which the Israeli interest was so very evident and their initiative was so very important, and yet their interests might be slightly different from ours, which is not to condemn them at all; they were looking after their interest, but it is to say that the U.S. Government and its representatives should have had that in mind as they formulated policy. And I think it argues eloquently for keeping people in the process who are involved in the process all the time.

I also wanted to note that I think that had something to do with your concern about the intelligence background. Senator Nunn went into that at some length with you, about your concern about the background of intelligence upon which all of this initiative was being based apparently.

It also, it seems to me, bears on the fact that some of the—I don't want to go back into what Senator Nunn said, but it bears upon some of the other facts involved in that intelligence background.

You had suggested that your memorandum in regard to the intelligence background indicated your objections. The real objections you had were with respect to the assessment about the political situation inside Iran and the comparative advantage of the Soviet Union. When there was an intelligence update in February of '86, that intelligence update referred primarily to the deteriorating situation in Iran as had been reported by the Israelis to us and had been used by Admiral Poindexter and others as a basis of our policy, a subject to which you had not addressed yourself in your response to the draft Finding.

I just wanted to get on the record a number of those things, which I think are important to our understanding of where we were.

Let me say too, Mr. Secretary, I have only one disagreement or one concern with your testimony with respect to Central American policy. I want to give you a chance to respond, because it seems to me that I remember you saying at some point that you had been given some advice, and I don't recall now by whom, somebody I believe within the State Department, that even though the funds had been cut off from the U.S. Government, they would get along somehow and we shouldn't be involved in support to the Contras outside appropriated funds.

Now, I have a little trouble with that for two reasons. One is I'm not sure exactly how they would just get along somehow, if that was the statement, and secondly, I understood it to be the President's policy that we would attempt to do all we could to find sources of funding for them that were not prohibited by the law, and that would aid them in bridging over until Congress again yielded to the pressure of the White House or were persuaded to vote the continuation of support for the Contra effort.

Do you have any comment with respect to that later point?

Secretary SHULTZ. Well, you have given me a cafeteria full of items, assertions, commentary, some of which I agree with and some of which I don't. I don't quite know how to——

Mr. MCCLURE. Most of that was yours. I assume you don't disagree with that?

Secretary SHULTZ. Let me make a few points in each of the categories of your commentary. First of all, with respect to the Dawa prisoners, I didn't know at the time that I was so upset that there had been apparently some contacts with the Government of Kuwait, so I have heard here, by Admiral Poindexter and Colonel North, and Admiral Poindexter I understood testified to this committee that he had approved of this nine-point agenda.

So, I don't think it can fairly be described as a flight of Mr. Hakim's fancy.

Mr. MCCLURE. Did you hear Mr. Hakim's testimony?

Secretary SHULTZ. No—well, I heard bits and pieces.

Mr. MCCLURE. I think you are not being quite accurate to characterize the nine points which he wrote, which were his product, and to understand them unless you had also heard his description of them.

Secretary SHULTZ. Let me withdraw from an effort to try to interpret the information that you have been gathering, which I am not a primary source for. I am really here to testify as a primary source.

The only comment that bothered me in that respect of yours was that maybe since they were so interested in the Dawa prisoners, we should just kind of give them a little something, and I think that is a problem, when you break over from your principle into the little something. I remember one of my favorite Senators, maybe because he was a University of Chicago professor beforehand, was Senator Paul Douglas, and he used to have a statement about corruption, and his statement was, it all starts with a cigar.

And I think you have to watch it——

Mr. **McClure**. With all due respect to Mr. Hakim, he didn't have a cigar.

Mr. **Hyde**. You are right, Mr. Secretary.

Secretary **Shultz**. The second category of information involving our relations with Israel, as everybody knows, I am a very warm supporter of a strong relationship with Israel, and I have worked on that very hard.

However, I think we have to recognize that while our interests and Israel's interests are parallel in many respects, they are not always exactly the same, and we have to be smart enough to see that, and they have legitimate interests which are not necessarily exactly our interests, and we have to recognize that fact.

When it comes to undertaking something by the U.S. Government, then we have to recognize also, however, that we are big boys and we have to take responsibility for whatever it is we do. We can't say that well, somebody else suggested it to us, therefore it is their fault.

We have to take information from where we get it, and look at it in our own lights, and take action. So, I believe on the one hand that we do need to look at our interests always, and be careful that we don't assume that we are parallel, or look at sources of information and analyze them and so on, and then in the end, we have to take responsibility for our own actions.

The third category of your commentary and questions on Central America, this goes back to 1984, I think, that reference. It was my impression, which I got from Tony Motley, and from also Mr. McFarlane, that somehow or other the Freedom Fighters could, in Tony Motley's phrase, they could rustle up their own money as long a the needs were not too great. And maybe they could somehow hang together on $1 million a month, which Mr. McFarlane said they were getting, and he didn't know from where.

And it seems to me in the long run, on the one hand, if they were doing that, they were demonstrating their own legitimacy, which they have done, but, on the other hand, if we are going to be successful in this policy over the long run, I felt, and I feel I was right in this, that we have to be able to persuade the Congress to give support, because if you are talking about a force of 10,000 men or so and you are talking about $1 million a month, you are not going very far with that. Just do the arithmetic. So if you are really going to get somewhere in the end, we have to persuade you that it is a good idea and get you to go along with it, which you did last year, and I hope you continue to do.

But that is where we have ultimately to put our bets, and, therefore, we have to work with you and try to persuade you and not do things that will make it more difficult to exercise that persuasion, and that is what I had in my mind at that time.

Mr. **McClure**. Mr. Chairman, I know my time has expired.

Chairman **Hamilton**. Senator Rudman has 15 minutes remaining. He will yield back 13 minutes and wishes to be recognized for two.

Mr. **Rudman**. I think at this point in the record, Mr. Chairman, following on that dialogue, I would like to make a comment here which the Secretary need not respond to unless he feels he would like to.

On examination of the transcript, it would indicate that I was discussing with the Secretary the risks that we run when people who purportedly represent the United States put forth ideas. Let me point out to my good friend from Idaho that in a transcript that has been declassified that is part of this committee's record, Colonel North—and he testified with authority—represented to the second channel representing the Iranian Government that the President's attitude was that Suddam Husayn must go. That is a transcript from a tape recording of that meeting.

I would make the suggestion—I am addressing this generally to the Secretary of State—that I would have to assume that if Iraqi intelligence had come onto that piece of information, hearing that it was represented to an official of the Iranian Government by an official purportedly representing the President, and not unlikely the official was residing in his work in the White House, that that could cause, I would expect, some problems.

So that was the point on which Senator McClure didn't comment.

Mr. McClure. Would the gentleman yield?

Mr. Rudman. I would rather not yield, I would rather finish what I have to say.

Secondly, since there is some misunderstanding about the nine points, let the record show what the evidence states regardless of what Mr. Hakim states. The record states Colonel North states under oath, and I believe him, that he had authority to work with those nine points. Admiral Poindexter testifies, and I have reservations about that part of his testimony, that the President approved the nine points.

Mr. Rudman. That's the record. Now, whether that was an official U.S. Government policy or not, we know it wasn't. We know it from the Secretary of State. We now it from our own instinct. But unfortunately those listening to it thought it might have been and that is the kind of mischief I was discussing with the Secretary of State.

Certainly I would say to my friend from Idaho if I had misstated its context, I had no intent to do so, but I think that is the meaning of the element.

So I will yield.

Mr. McClure. I only want to affirm what I said earlier, that I did not think the Senator from New Hampshire had intended to mislead, but I was afraid the American public might have gotten the wrong inference because the conversation with respect to Sadan Hussein was not a part of the nine points, but was brought into the conversation by the Senator from New Hampshire in connection with the nine points, I was afraid a misimpression had been left.

Mr. Rudman. I appreciate that. My main point was to illustrate in my examination of the Secretary of State that there were people running around the world representing themselves as official representatives of this government making, I believe, incredible representations which if the Secretary had known at the time probably would have lost what remaining hair he now has.

Chairman Inouye. The Chair recognizes Senator Sarbanes for 4 minutes.

Mr. SARBANES. Thank you, Mr. Chairman.

Mr. Secretary, I just want to put a couple questions and make an observation.

First of all, I think it is very important for the record, because it has come up again, but I think you ought to state very clearly who are the statutory members of the National Security Council.

Secretary SHULTZ. The President, the Vice President, the Secretary of State, and the Secretary of Defense—

Mr. SARBANES. Only those four officials?

Secretary SHULTZ. Those are the four. There are two categories of statutory advisers. One category is the Director of Central Intelligence and the chairman of the Joint Chiefs of Staff, and the other category, obviously, depending upon the nature of the subject, the Director of the Arms Control Agency and the Director of the U.S. Information Service.

Mr. SARBANES. But they are advisers, the members are the President, the Vice President, the Secretary of State, Secretary of Defense?

Secretary SHULTZ. That is correct.

Mr. SARBANES. I don't want to pursue this now, but I think it may well be worth exploring whether those four members should be made aware of all covert Findings, but that is a matter I think is worth looking at as one way of addressing the problem here.

I want to say a word about the importance of the hearings because there have been some comments about that implying that somehow they were a waste of time or a waste of money. I think frankly they reflect the strength of our democracy and I think what has taken place here rather than weakening the Nation will in the end strengthen the Nation.

It is too bad we had to have the hearings, but they were prompted by these series of events which occurred which are in a sense a tragedy.

But I think the hearings in the end will bring strength to the country.

They have shown in my judgment a breakdown or more accurately put, a deliberate breaking down not only of the checks and balances between the Congress and the executive, in other words, the relationship between the two independent branches of our national government, but also a breakdown of the checks and balances within the Executive Branch itself.

And I think what we have seen is that a web of intrigue and deception was being spun, a compartmented web if such a thing is possible, and perhaps of even greater concern than what actually happened is what might have happened, the potential in terms of what was taking place.

One is the contradiction between announced policies, policies you were seeking to implement, Operation Staunch, and what was happening unbeknownst to you.

In fact, in one country they inquired of us whether our arms transfer policy towards Iran had changed, and they were assured by our Embassy people it had not, that Operation Staunch was still in effect, and within a few days we were going to officials of that country to help us expedite the movement of arms through that country to Iran. That's but one example.

But you were placed in this incredible position of in effect beseeching and urging other countries to follow this policy at the same time the United States was pursuing a different policy.

Secondly, and, in my judgment, more important was the dangers of an unaccountable covert network operation outside of all established channels and legitimate authority. I regard that as chilling. People were prepared to go outside the constitutional process to achieve their ends. And in a sense, in the name of supposedly encouraging democracy abroad, they were prepared to subvert it at home.

One of the most distressing features uncovered by this inquiry has been the revelation of officials exercising significant power who did not have an understanding of or respect for our constitutional system.

We put up around the Capitol sayings of our leading public officials from the past and there's over in the Capitol a statement by Justice Brandeis which says, "The greatest dangers to liberty lurk in insidious encroachment by men of zeal, well-meaning but without understanding."

And I simply want to close, Mr. Secretary, by observing that in my view, the most salutary feature of your testimony over the last few days is that you have exhibited that you do understand, that you understand how American democracy should work, that you understand the vital and essential proposition that in seeking to achieve one's policy views, no one is entitled to go outside the constitutional process. You have reiterated that again and again, the necessity to respect that constitutional process. And because you have demonstrated, particularly in this year of the Bicentennial of the American Constitution, your understanding of our system, I'm grateful to you for your testimony.

Thank you.

Secretary SHULTZ. Thank you.

Chairman HAMILTON. Mr. Jenkins.

Mr. JENKINS. Mr. Secretary, you are almost on your way home. I think we have finally got to the end of the line. If I had a KL-43 machine, I would simply send you a secure message, "well-done," but not having one, I'll ask a couple of questions.

I'm somewhat confused, frankly, from listening to some of the comments of my colleagues. I hope we don't confuse the issues, because I think you have laid some real issues before us that I'm greatly appreciative of.

You are criticized because you were unpersuasive, yet it appears to me on more than one occasion that you were informed that the deal was over, and it appears to me that you were persuasive but the snake went dead, it kept coming back on more than one occasion.

You were criticized because you did not resign in protest, yet it appears to me at all times the President of the United States needed you, it was at this particular time, to try to undo any harm that might have been done with our relations with other nations, and when he learned of the true facts, when the President learned of the true facts, I think that he undoubtedly thought that he needed you more at that time than at any other time, to try to continue the Staunch program that we had started many, many months ago.

All of us are against selling arms to Iran under these circumstances, yet it appears to me you have placed that decision by the President in the best light, because you have indicated that he was misinformed, and I think that his closest adviser, you, the Secretary of State, was in the best position to do that.

So I'm somewhat confused about some of the statements that have been made. Nevertheless, I don't want myself to get away from the issues.

One of the most important things I think that you have stressed, and I'm not on one of the committees that has this jurisdiction, but with the separation, clear separation of the responsibilities of the National Security Council and its staff and your office, in the field of intelligence gathering appears to me to be something that this Congress ought to address as the President has apparently taken steps to do so, and I think that is a very critical area for us to think about. The Constitution which I mentioned in my opening statement when these hearings began that the responsibility of the President under the Constitution is that he shall take care that the laws of the nation be faithfully executed. I was concerned about that, but based upon your testimony and others, it appears that the President could not, if our information is correct, know that the diversion was in existence, because that was withheld from him, and I think that obviously, contrary to some of the statements made, you have been the greatest advocate here in the last 2 days of the President and of the actions that he took.

As far as the operation to hold the body and soul of the Contras together, I don't know whether your staff has ever had an occasion to look at this fact, but it appears to me that of the $18 or $20 million in profits or residuals that were accumulated, only about $3 million of that went to the Contras. And of that $3 million, most of that went for the construction of an air field that was not used. So I doubt that we could say that this kept the body and soul of the Contras together.

Has your staff had an opportunity to see where this money went?

Secretary SHULTZ. My information on the amount of money and where it went is simply derived from what I read from this investigation, and I think that what you have said is right, pitifully little of it went to the Freedom Fighters. So I think that's a sad fact.

Mr. JENKINS. It appears to me that those who support the Freedom Fighters, including myself, should be more disturbed than the others, that the money that was allegedly accumulated for that purpose didn't get there.

Secretary SHULTZ. Well, I wasn't, I didn't know about the fund diversion, but that's not the way to get the funds. But when they tried to get the funds that way, they didn't succeed.

Mr. JENKINS. The ratio is probably excessive it appears to me.

The last question I want to ask is about the operation of the National Security Council. Does the Council meet on a regular basis and is it their responsibility to take up such matters as the selling of arms to Iran as well as the diversion, which I understand was not taken up in your presence?

Secretary **Shultz**. The National Security Council, either the full Council or what's called the NSPG meeting, which is just the principals with the President, it's a much smaller group, meets quite frequently, and there are subjects of national security policy, foreign policy around the world that are discussed. There is typically an agenda, you know what you are going to talk about ahead of time and you prepare for it and there's a discussion and so on. Sometimes it's kind of information sharing and that kind of thing, and sometimes it is a meeting designed to inform the President of people's views and have his decision either at the meeting or subsequent to the meeting about some particular matter that's under review.

The range of issues that are discussed obviously are immense.

Mr. **Jenkins**. Normally if a decision such as the diversion of funds—assuming that that was going to come up it would have come up at that level normally, would it not?

Secretary **Shultz**. The question of—I'll put it this way. The question of a covert action which involves doing something that is funded is discussed typically at an NSPG meeting, and when you get to that meeting there has been consideration of it by the relevant departments and the legal advisers in the departments, so by the time you get to a discussion with the President there's been quite a bit of discussion and probably a consensus reached. And that is reflected in the discussion and the President then decides whatever he decides, and I would put this in the category of a covert action, but there's no, there was no knowledge about this kind of funds and these kinds of funds shouldn't have been there to have knowledge about in the first place.

So I don't know quite how to grapple with the question. But anyway, the process of discussing a question of assistance to a group of Freedom Fighters somewhere would not normally come up in that manner.

Mr. **Jenkins**. Mr. Secretary, I simply want to end by telling you that when I first saw the nine-point program that has been testified about here in these hearings, I think that I along with most members, probably all members of this committee, were shocked, just as you were, as you have testified, and I'm reassured by realizing that the Department of State would not have anything to do with such an agreement.

Thank you very much.

Chairman **Hamilton**. Mr. Fascell is recognized for 4 minutes.

Mr. **Fascell**. Thank you, Mr. Chairman.

Mr. Secretary, I want to emphasize the points you made about the separation of policy and intelligence and hope that we never get in this pickle again where the head of the Agency for gathering of intelligence for the use of all of the clients in government that need that intelligence is not put in the position either directly or indirectly where he's driving policy.

I agree with you thoroughly, the information necessary for an independent policy judgment is vital and that to have information in a position where it suits the person driving the policy or the lack of information making it possible to sustain or substantiate the policy is a very dangerous matter. And that is the reason I raise the question about the fact that there was—have you had a chance to refresh your memory on that subject?

Here was a report on the desk of the Director of the CIA which pointed out very clearly that Iran was using terrorism at the time of that report as a weapon, and yet that information was suppressed and not made available to you or anybody else in government as far as I know.

Secretary SHULTZ. Well, I have a note that there was a statement made by a knowledgeable person in the State Department to the effect that there was an intelligence report having to do with Iranian terrorism which was being sat on. That is just a report that drifted in.

There was issued in the end a report, a rather controversial one as I have stated here, on that subject. But the fact that there would be such, that kind of a fight about an intelligence Finding suggests an unwarranted connection of the Findings with policy, and that just gets us back to the subject that you were—

Mr. RUDMAN. Mr. Secretary, I don't blame you for being concerned and wary of the information that was being fed to you. I don't know how you could operate under those conditions. Thank you very much.

Chairman HAMILTON. Mr. Secretary, so far as I know, we are at the end of questions now. Do you have a closing statement you would care to make?

Secretary SHULTZ. I would appreciate a chance to make just a few comments, Mr. Chairman.

Chairman HAMILTON. Please proceed.

Secretary SHULTZ. First of all, I sense an instinct here in the committee that you need to go through all of the details and ins and outs of what has been brought before you, but what you really want to do is raise yourselves up out of these details and reflect on the meaning and what is to be done to make our wonderful system of government as good as it can possibly be. And I welcome that instinct.

And I have offered you some thoughts about which we have discussed, about the separation of intelligence from policy, about the nature of the Cabinet and accountable government, as I see it, and the implications of that for staff operations of various kinds, including yours perhaps, and about the need, as you see it, to reflect together on what separation of powers means, about our separate functions that we have to discharge ourselves and about the implication of that obviously for the sharing of power and the obvious difficulty of sharing power, but the importance of sharing power in an effective way.

I want to say to you and through you to the Members of the Congress that as you engage in this kind of reflection, or as we work together on this delicate and central problem, that I want very much to help and be a part of that constructive effort. And I pledge that to you.

But this has to do with part of what you have been discussing. Another part of what you have been discussing has to do with our foreign policy and America's place in the world, and I would just like to offer a few thoughts about the future, looking ahead. Because it is my view that for the past few years, and right now things are going very much our way, that the basic idea of freedom is the revolutionary idea, whether you are talking about political organization or whether you are talking about economic organization, it is on a roll.

I see the potential of big changes coming about in the future, a potential. Who knows? But I don't think it is out of the question that a different kind of relationship with the Soviet Union can be built if we go about it right, and obviously we have to go about it with our guard up, but we need to go about it.

It seems to me clear, as you look to the future, as the world GNP grows, as it is dispersed around the world, we will see more and more countries that have genuine capability because they will have a size that will make our world different than it has ever been before. The notion of a bi-power world has long since gone, and we will have a diverse world where capability is widely dispersed. I think that is clear.

It is also clear that just as capacity will be distributed, capability is distributed. There are smart people everywhere. And there are people all over this world that are working very hard, along with their smarts, so that this spread of capability and capacity is going to change the structure of the world economy and the strategic situation, and we have to try to understand it.

There is a, I think, gigantic amount of change in technology to go with this. We can see processes replacing materials. The old notion that everything depended upon raw materials is beginning to fade.

I think a clear and obvious example that everybody can see is the way in which fiber optics are substituting for copper, but that is just an example.

So, we see this structure changing. I think we can see that advances in biotechnology are changing the ability to feed ourselves, and particularly when you combine that with obvious points of how economic activity can be organized to promote production of food.

Malthus is being stood on his head. The capacity to produce food is not the limit on the population of the world. The capacity to produce food is very great. Our difficulty when we see pockets of hunger is in the distribution, and sometimes in natural disasters, but this can be faced up to.

So, that is a change. Information technology in its generic sense is having a profound effect on everything. Financial markets are now worldwide, there is no other way to think about them. The production and trading of goods is worldwide.

When people talk about a world car, that is exactly what it is, it has things from everywhere in it. I see all the lawyers here, I dare say that the way you practice law is to a certain extent profoundly affected by information technology, the way you do research about medicine and health is profoundly affected, the way you conduct diplomacy, the whole thing is different.

And this change is a change that favors societies that are open. Because it is open societies that are accustomed to the free flow of information, and closed and compartmentalized societies have difficulty with it.

So, it flows in our favor. It is a cliche to say it is a small world, but it is a small world. We are a big part of it. There is no way that we can once again, as we did after World War I, sort of remove ourselves from the world, it is impossible.

The only question is: How effectively are we going to engage and how well our interests are served in our foreign policy will depend upon the nature of that engagement. And one of my fears right now is that somehow, as we look at all of the difficulties, and some of the things that you have brought out, that there will be a tendency for people to throw up their hands and say, stop the world, I want to get off.

We can't get off. We have to be engaged. It is extremely important to do so. And when we do so, that future can be a wonderful future for America.

So, we need to do everything we can to get our house in order and keep it in order, to recognize how fruitful and beneficial to the interests of the United States have been development in foreign policy around the world, and to try to sense what is out there in the future and understand it and debate it and talk about it, so that we can adapt our policies in a way to engage those great opportunities to the best possible advantage.

And I believe if your hearings can produce those deeper reflections on how we proceed with respect to the kind of content that we must address, it will have been a very useful set of exercises, even though painful in many ways, difficult in many ways and certainly arduous for all of you.

Mr. Chairman, I appreciate very much the courtesy with which you and your colleagues have treated me, and I appreciate the opportunity to appear before you. Thank you, Mr. Chairman.

Chairman HAMILTON. Senator Inouye?

Chairman INOUYE. Mr. Secretary, in behalf of the members of the Senate Select Committee, I wish to thank you for your most profound and meaningful testimony. In a few days, we will begin the process of drafting our final report, and I can assure you throughout this process, your wise words will be etched in our minds.

Mr. Chairman, when the gavel is struck in a few moments to call this hearing in recess, it may very well be the last time you will be presiding over the hearing of the joint panel. Because next week we will be going to the Senate Caucus Room. And so, on this historic occasion, I wish to thank you for your leadership in this most difficult investigation.

You have displayed throughout all the hearings an extraordinary patience. You have shown meticulous fairness, and each day and every moment, you have been a gentleman of good grace and much wisdom.

For all of that, we thank you very much.

Chairman HAMILTON. Thank you very much, Senator Inouye.

I might give you a word of encouragement, and that is it is a lot easier in this chair when you don't have to contend with a defense lawyer out there. I do not view the fact that I will no longer be presiding as an altogether unhappy circumstance, I might say.

Mr. Secretary, you have spent 2 full days with us. And I know that is a large hunk of time for a Secretary of State. And we deeply appreciate it. And I will not try to sum up. I simply want to say that I think the importance of your testimony for us is that you have really changed the focus of the committee's work.

Up until your appearance, we really have been focusing on the question of what went wrong, and in a sense, that is the easy part of our work, though it hasn't been easy. And I think from now on, as you have said several times in the course of your testimony, we have to begin to focus on what needs to be done, what kinds of constructive suggestions we can come up with to make this system of ours work better, and I noted with particular appreciation your offer just a moment ago to work, to continue to work with this committee as we develop the recommendations for our report, and I want to assure you that we will call on you as we work through that report for additional advice from you.

I suspect these 2 days have not been easy for you, even though you have had a vast amount of experience testifying before Congressional committees. And all of us appreciate that.

So, we wish you a very pleasant weekend, and we wish you the continued opportunity to serve this country with distinction, as you have done, and with that, the joint hearings are recessed until Tuesday, July 28th at 9:00 a.m. in the Senate Caucus Room, when we will hear from the Attorney General. Senator Inouye will be presiding, and I ask unanimous consent that GPS-66 be made a part of the record. Without objection, so ordered.

Chairman **Hamilton**. And we stand in recess.

[Whereupon, at 5:25 p.m., the Select Committees recessed, to reconvene at 9:00 a.m., Tuesday, July 28, 1987.]

JOINT HEARINGS ON THE IRAN-CONTRA INVESTIGATION

Testimony of Edwin Meese, III

TUESDAY, JULY 28, 1987

SENATE SELECT COMMITTEE ON SECRET MILITARY
ASSISTANCE TO IRAN AND THE NICARAGUAN OPPOSITION
AND
HOUSE SELECT COMMITTEE TO INVESTIGAT
COVERT ARMS TRANSACTIONS WITH IRAN,
Washington, DC.

The Select Committees met, pursuant to call, at 9:00 a.m., in room 325, Russell Senate Office Building, Hon. Daniel K. Inouye (chairman of the Senate Select Committee) and Hon. Lee H. Hamilton (chairman of the House Select Committee) presiding.

Chairman INOUYE. The Select Committees will please come to order.

Mr. Attorney General, welcome, sir.

Attorney General MEESE. Thank you.

Chairman INOUYE. Will you please rise and take the oath.

[Witness sworn.]

TESTIMONY OF HON. EDWIN MEESE, III, ATTORNEY GENERAL OF THE UNITED STATES

Chairman INOUYE. Mr. Nields.

Mr. NIELDS. Good morning, Mr. Attorney General.

Attorney General MEESE. Good morning, counsel.

Mr. NIELDS. I understand you have a statement.

Chairman INOUYE. Mr. Attorney General, do you have an opening statement?

Attorney General MEESE. Thank you, Mr. Chairman, I do. And I believe copies have been distributed. With the permission of the chair, I would like to have the entire statement submitted as part of the record, but with your permission I will only read parts of it, in the interest of time.

Chairman INOUYE. Without objection, so ordered.

Attorney General MEESE. Chairman Inouye, Chairman Hamilton, members, and counsel of these committees:

I welcome this opportunity to come before these committees and assist in your review of this administration's Iranian policy initiatives, as well as other activities that were aimed at providing funding for the freedom fighters in Nicaragua. A number of witnesses have preceded me and provided an accounting of the policy decisions that were made and that were not made, and have described efforts undertaken for the ostensible purpose of furthering those policies.

Before continuing that description, let me discuss briefly my role. As the Attorney General of the United States, it is, of course, one of my responsibilities to serve as the nation's chief law enforcement officer. In that capacity, I am privileged to assist the President in making sure that the laws of the United States are faithfully executed.

In addition, as prescribed in the Judiciary Act of 1789, which created the office of Attorney General, I am assigned the responsibility of providing legal advice and opinions to the President on such matters and at such times as he directs.

Further, the Attorney General is and has been since 1791 a member of the President's Cabinet, and thus has the distinctly separate role as one of the general advisers to the President and the Executive Branch.

My exposure to the Iran-Contra matter was not confined to any one of those areas of responsibility, but from time to time has touched them all. I believe that one can better understand and appreciate my limited role in the events of the period by understanding in which of the several capacities I was approached for advice and assistance.

Some 8 months ago the President asked me, as his principal legal adviser, to develop a factual overview of the events relating to the Iranian initiative. During that hectic weekend in November, 1986, we were able to piece together a basic outline of what is now known as the Iran-Contra story, which has been essentially validated during the extensive investigations which have occurred since.

I mention this because after many months of televised hearings and intensive press coverage, some might understandably have difficulty recalling that, as we embarked on our factfinding inquiry on the 21st of November, 1986, few people inside or outside the Government understood the true nature and scope of the Iran matter, let alone knew of the many details of the related activities and events. I certainly had no such detailed knowledge.

My first exposure to the Iran initiative was in reality rather brief. I recall on the 7th of January, 1986 being asked to attend a meeting with the President in the Oval Office, along with other members of the Cabinet and certain members of the White House staff. Parenthetically, let me state that my calendar shows, and I have been told by others, that on the previous day, the 6th of January, the Deputy Attorney General, Lowell Jensen, and I met with Lt. Col. Oliver North, who gave us a short briefing on an Iranian initiative. I do not specifically remember that meeting, but I am satisfied that it took place.

At the meeting on the 7th of January in the President's office, Admiral Poindexter and Director Casey raised the proposed Iran initiative. As described, the initiative involved overtures to more moderate elements in Iran, and the cultivation of a relationship that could in the future be to the geopolitical advantage of the United States.

The proposal was also described as possibly helping to end the long Iran-Iraq War. The initiative was also seen as a means of decreasing Iranian sponsorship of terrorism, forestalling Soviet designs on the area and gaining Iranian assistance for the release of the Americans then being held hostage in the Middle East.

We discussed the Israeli suggestions concerning the initiative, especially concerning a transfer of arms from the United States and assistance in the release of hostages from Iran, as a means of establishing with each side the good faith of the other. I was present at that meeting both as the President's legal adviser and as a member of the Cabinet and of the NSC.

One legal issue that was raised concerned the appropriate statutory authority for an arms transfer as part of the strategic initiative. Based on my familiarity with a 1981 opinion by then-Attorney General William French Smith, I concurred with the view of Director Casey that it would be legal for the President to authorize arms transfers pursuant to the National Security Act.

Admiral Poindexter and Director Casey favored the initiative. Secretary Shultz and Secretary Weinberger opposed it. My own counsel was that, while a very close question, the benefit seemed to slightly outweigh the risks, especially since I had the impression at that time that a timeframe of 30 to 60 days was contemplated and that the risks were, therefore, short-term.

It's my recollection that the meeting included a brief discussion that a Presidential Finding would be necessary because of the proposed involvement of the Central Intelligence Agency. I believe there was also a discussion of the necessity of notifying Congress and the legality of delaying that notification because of the extreme hazard to the hostages and others. I do not recall anyone at the meeting arguing in favor of immediate notification.

With regard to the legality of the delay, I do recall stating that I believed a short delay was appropriate but wanted to examine the statute before I agreed that such a postponement would be permissible. At the conclusion of the meeting the President decided that the project was worth pursuing and directed Admiral Poindexter and Director Casey to proceed.

I should add parenthetically that it was not my understanding at the meeting that anyone was discussing arms-for-hostages transactions or that the President understood the proposal in those terms. Quite the contrary, no deals were to be made with any of the groups who had taken or were holding American hostages. The President was very firm on this point. A limited number of defensive weapons were to be sold to certain Iranians to demonstrate the United States' good faith. They, in turn, as a display of their good faith, were to negotiate separately with forces in Lebanon for the return of the American hostages. No direct dealings with the hostage-takers nor the payment of any type of ransom was ever contemplated.

Following the meeting on the 7th of January and over the next 10 days, I attended one or possibly two follow-up meetings which included Director Casey, Admiral Poindexter, CIA General Counsel Sporkin, and myself. The one meeting that I most clearly recall took place on the 16th of January, 1986. I believe that Secretary Weinberger also attended at least part of that meeting. We discussed section 501 of the National Security Act, the law involving notification to Congress of certain covert activities. General Counsel Sporkin explained his analysis of the statute. After reviewing the statute, I concurred with the Central Intelligence Agency's advice that notification to Congress could, in the circumstances, be postponed due to the imminent danger facing the hostages.

In this regard, I should emphasize that the expectation at the meetings that I attended in January was that the administration would notify Congress as soon as possible after the hostages were on board an airplane, out of the Middle East, and under the control of the United States.

There was no desire or plan, to my knowledge, to keep this matter from the Congress. There was simply a recognition that this was a highly sensitive activity and that human lives were at stake—the lives of the American hostages and the lives of the more pragmatic Iranian elements who were willing to attempt a relationship with the United States.

We were all acutely aware that if word of the initiative got out, however innocently or inadvertently, it would likely be fatal to the hostages and to others helping in their release.

It is precisely because of this concern that knowledge of this operation within the administration was so closely held and shared on only a very strict need-to-know basis.

Indeed, I was among those not kept advised of the Iranian initiative after rendering the advice that I mentioned in January of '86.

Apparently there was no continuing need for me to know of efforts undertaken to implement this program. And in that regard I had not been included as a necessary participant in 1985 when the concept of an Iranian strategic initiative had first been suggested and developed. And I, along with some other members of the National Security Council, had not been informed at any time in 1985 about any arms shipments that occurred during that year or about any related Presidential Findings prepared or signed prior to January 1986.

I had no awareness of such matters until I learned of them for the first time in November 1986, and thereafter.

As the testimony of others before these committees has indicated, there were only two occasions that I can recall in the summer of 1986 when Department of Justice matters prompted a conversation between me and Admiral Poindexter that related to the Iranian initiative. On both occasions I acted in my capacity in those matters as the country's chief law enforcement officer.

The first arose as the result of an inquiry from within the Department of Justice concerning a criminal investigation originating in New York, relating to arms smuggling to Iran. The suspects in that investigation alleged that the U.S. Government had authorized their arms sales.

Criminal Division attorneys had asked that I check to be sure that no such authorization existed. I, therefore, called Admiral Poindexter and received his assurance that the arms sales in question had not been authorized and were not connected with the Iranian initiative. A declaration was subsequently filed in court, I believe, that stated this fact.

The second incident occurred around the end of October 1986. Admiral Poindexter telephoned me and inquired about a Federal investigation which included an air carrier known as Southern Air

Transport. He advised that the airline was involved in efforts concerning the Iranian initiative that were at a critical stage. He, therefore, asked whether it might be possible to delay a scheduled visit of investigators to Southern Air for around 10 days so as not to disrupt this activity relating to the Iranian initiative.

I informed Admiral Poindexter that we obviously could not impede, weaken, or interfere with the investigation, but that I would check with FBI Director Webster to ascertain if it might be possible to delay certain nonurgent aspects of the inquiry.

Through Associate Attorney General Trott, who handles the criminal matters within the department for me, I was informed by Director Webster on the 30th of October 1986 that the delay could properly take place without in any respect adversely affecting the investigation.

I have since been advised by Director Webster that this is precisely what occurred, that the investigation of Southern Air Transport resumed on November 26th and that it was in no way prejudiced by that delay.

In early November of 1986, events occurred which were of great consequence to the Iranian initiative. On or about the 4th of November, following publication of a story in a Middle Eastern journal, American newspapers began to print widely varying accounts of this matter.

Therefore, on the 7th of November I advised Charles Cooper, the Assistant Attorney General for the Office of Legal Counsel—which is the office that assists me in my responsibility as legal adviser to the President and the Executive Branch, including on matters relating to national security—that his efforts would probably be needed on the legal issues that might arise in regard to the Iranian initiative.

The following Monday, which was the 10th of November, I attended a meeting with the President and other advisers, at which the Iranian initiative was generally discussed.

On the 13th of November, the President addressed the nation on the Iranian activities. Six days later, on the 19th of November, he held a press conference on the subject.

At Admiral Poindexter's invitation, I attended a meeting in his office the next afternoon, the 20th of November, with Director Casey, Assistant Attorney General Cooper, and for most of the time National Security Council staff counsel Paul Thompson and Lt. Col. North. There may have been others present from time to time.

I was invited to that meeting as the President's legal adviser, to review the legal aspects of the Iranian initiative prior to administration witnesses being called upon to give scheduled testimony and briefings before the Congress.

I recall seeing for the first time at that meeting a draft chronology of events that, from all appearances, had been prepared earlier in the day by the National Security Council staff.

In addition, drafts of proposed testimony were distributed—again, which I was seeing for the first time. Those documents were reviewed and discussed, and corrections and revisions were made at the suggestions of those who had knowledge of specific events.

Mr. Chairman, questions have been raised during prior hearings of these committees here about my participation in this meeting and whether I so-called acquiesced in the statements included in the proposed testimony being prepared.

The truth is, I did not at the time have knowledge sufficient to allow me to make any sort of judgment regarding the accuracy of the proposed testimony, or the prepared chronology, or the revisions or corrections that were being suggested.

You will recall that the Iranian operation had been rigorously compartmentalized and only those, as I stated earlier, with a need to know were brought into the planning and the implementation.

Thus, while I was generally aware on the 20th of November 1986 that there may have been arms transfers to Iran by Israel in 1985, I had no personal knowledge about such shipments, about our role (if any) in assisting with the transfers, or about the contemporaneous knowledge of other administration officials concerning the details of these shipments.

It was after that meeting, late in the evening, when I first learned in a secure telephone conversation with Mr. Cooper—I happened to be at West Point, New York, at the time—that there were apparent differences in the recollections of the Secretary of State, former National Security Assistant Robert McFarlane, and perhaps others. I was concerned that great care be taken to resolve these differences so that accurate testimony would be given at the congressional hearings and briefings that were scheduled for the next day.

I believed that, because the Iranian initiative had been such a highly sensitive matter, and because it had been so rigidly compartmentalized, no one seemed to have all the facts and all seemed to me to be trying to piece together various parts of the story without full knowledge of the events.

As a consequence, there appeared to be considerable confusion as to what occurred when, and the many conflicting and inconsistent news stories only seemed to exacerbate the situation.

It was for this reason that I went to see the President the next day. I advised him of my concerns and recommended that he have someone undertake a fact-gathering review into the Iranian initiative to ascertain a fuller and more accurate picture of the events and the activities that had occurred.

The President agreed totally with my assessment and directed me to commence an immediate review. I had indicated that I would be willing to do that if he so decided.

He asked that I complete this task before the National Security Planning Group meeting which was to be on this subject and that had been scheduled for 2:00 p.m. on Monday, the 24th of November.

It might be helpful if I spend just a few minutes on the activity that took place during that weekend.

The essential point to keep in mind is that our purpose was not to conduct a criminal investigation. Indeed, on the 21st of November there was no hint that criminal activity was in any way implicated in the Iranian arms transactions. Indeed, I later learned that the Criminal Division of the Department of Justice had separately conducted its own independent review of criminal statutes that might possibly be involved and, as reflected in a memorandum dated the 22d of November 1986, found no basis to suspect that crimes had been committed.

Early Friday afternoon—this is now the 21st of November, after my meeting with the President, I discussed the matter of the fact-gathering inquiry with FBI Director William Webster, who concurred that it would be inappropriate to utilize FBI investigators. Our purpose, plain and simple, was to find out what the facts really were and report to the President.

I, therefore, put together a small team of lawyers who were knowledgeable about national security matters and proceeded to systematically talk with each of the persons having information about the Iranian initiative and to review the applicable documents.

As Secretary Shultz said in his testimony last week, our efforts in the space of just over 3 days turned up the essential facts that are still the essential facts today. Obviously much more information and many additional details have been uncovered by the various investigations, including those by these committees, and the months of effort that have taken place since that weekend.

But the basic outline of facts that the President and I related to Congress and to the public on the 25th of November 1986 remains intact today.

From the afternoon of Friday, November 21st through the evening of Monday, November 24th, a number of people were interviewed, documents were examined, and information was obtained from the relevant agencies that had participated in the strategic Iran initiative. Much of the information we obtained has previously been provided to these committees by the witnesses that have appeared before you and in the depositions and the documents which are part of your record.

Therefore, I will not chronicle in detail the events of that weekend, but I will, of course, be happy to respond to any questions you may have about it.

During our review, we discovered facts indicating that funds obtained from the arms transfers in Iran had been diverted to the Democratic Resistance forces in Nicaragua. I brought this information to the President, who determined that it should be reported promptly to the Congress and to the American people and that immediate corrective action should be taken.

Therefore, on Tuesday, the 25th of November 1986, a briefing for congressional leaders was held at 11:00 o'clock and a news conference was conducted at noon.

Although our information was by no means complete at that time, and we recognized that much investigative activity would follow, the President requested that I disclose all that we had learned to date so that there would be no claim of withholding of information or charge of coverup.

Several actions were immediately commenced to pursue the necessary followup investigations and remedial actions.

The President announced that he was convening a special review board to investigate and make recommendations to ensure that the mistakes made in implementing national security policy in this case would not occur again.

We also took immediate action concerning the possible criminal law implications of the information which had been uncovered. I, therefore, met with Assistant Attorney General William Weld, who heads the Department's Criminal Division, and headed it at that time, to discuss the initiation of an investigation by his attorneys and the FBI into the possible violation of criminal statutes. That process was well under way by the same evening.

I also directed Deputy Attorney General Arnold Burns to contact the White House Counsel to secure all files in the NSC offices.

As these steps were being taken, it was clear to me that the initiation of an independent counsel was probable. The activities of the Criminal Division included the initial inquiry to determine whether the legal and factual predicates required by the independent counsel statute were present.

By the 2d of December, I had concluded that seeking an independent counsel was appropriate and advised the President of this fact.

On the 4th of December, the formal request for assignment of an independent counsel was presented to the Special Division of the Court of Appeals for the District of Columbia Circuit. That request was ultimately granted and Lawrence Walsh, as you know, was appointed as independent counsel. Since then, I have continued, in accordance with the President's wishes and my own best judgment, to be fully supportive of and cooperative with all the official inquiries into this matter.

Today is my sixth session of testimony on this matter. Others in the Department and elsewhere in the administration have also appeared multiple times, and there has been an unprecedented willing disclosure of perhaps millions of pages of sensitive government documents.

That in brief, Mr. Chairman, is my knowledge of events surrounding the matters under consideration by these committees, but I would be remiss if I did not acknowledge one of the often-stated goals of these hearings—the need for a constructive relationship between the executive and the legislative branches in the conduct of foreign policy.

It is in the spirit of hoping to assist you in your examination of the facts and in contributing toward the cooperation between our respective branches of government that I am pleased to be here before you today, and I welcome any questions you, the members of the committees, and your counsel may have.

[The prepared statement of Edwin Meese, III, appears in appendix B.]

Chairman INOUYE. Thank you very much, Mr. Attorney General.

Chairman INOUYE. Mr. Nields.

Mr. NIELDS. Thank you, Mr. Chairman.

Good morning once again, Mr. Attorney General.

In August and September of 1985 and then again in November of 1985, Israel made certain shipments of weapons to Iran, and I think you have already covered this, but I want to make it clear.

Did you have any knowledge of either of those shipments at the time?

Attorney General **Meese**. I have no recollection whatsoever of having any knowledge of those shipments at the time, Mr. Nields.

Mr. **Nields**. There was a Finding drafted by the CIA and specifically its general counsel, Mr. Sporkin, on the 25th of November 1985, which was eventually signed according to the testimony of Admiral Poindexter, on December 5th, 1985. Were you consulted in any way in connection with that Finding?

Attorney General **Meese**. No, Counsel, I was not.

Mr. **Nields**. And did you have any knowledge of it at the time?

Attorney General **Meese**. I had no knowledge of it at the time.

Mr. **Nields**. I take it then that your first knowledge of the so-called initiative involving arms sales to Iran came in January of 1986?

Attorney General **Meese**. That is correct.

Mr. **Nields**. I think you have testified or in your opening statement you have already said that you had at least three meetings, one of which I think you recall only through looking at records, which was the one on the 6th of January?

Attorney General **Meese**. That is correct.

Mr. **Nields**. And one on the 7th of January.

Attorney General **Meese**. That I recall very well.

Mr. **Nields**. And one on the 16th of January and maybe one other?

Attorney General **Meese**. That is correct.

Mr. **Nields**. I am not going to ask you to go through these meetings again since you have already described them in your opening statement, but I take it, it is fair to say that the one on the 6th involved Oliver North?

Attorney General **Meese**. Yes, it did.

Mr. **Nields**. And the one on the 7th included various members of the Cabinet, Director Casey, Admiral Poindexter, Secretaries Shultz and Weinberger, and the President?

Attorney General **Meese**. Yes, sir, and also the Vice President, I believe—I don't know whether you mentioned Donald Regan, the Chief of Staff of the White House, and it is possible there may have been one other person there from the NSC staff. I can't remember for sure.

Mr. **Nields**. And the one on the 16th included at least Admiral Poindexter, General Counsel Sporkin, Secretary Weinberger, and yourself?

Attorney General **Meese**. Yes, and I believe Director Casey was there.

As to Secretary Weinberger, I am not sure that he was there for the entire meeting, but I believe he was there for at least part of the meeting. I don't have as good a recollection of his presence.

Mr. **Nields**. I take it that one of the issues on which you were consulted during these meetings was the policy question of whether it was wise to sell arms to Iran under the circumstances?

Attorney General **Meese**. In the meeting on the 7th of January with the President, the issue of whether the Iranian initiative, and it was never confined to selling arms per se, it was a total initiative, it had several objectives which I related in my opening statement, but to just again refer to them, first it was always in the light of this being a very dangerous area of the world. The presence of the Soviet Union and the menace to the region by the Soviet Union was one that was a part of the total backdrop of the discussion.

The initiative had to do, first of all, with the objective of developing a channel of communication with elements in Iran. Iran has several factions in its government and it was felt that one of the factions or representatives of one of the factions might be amenable to continuing communications so that we would be able to increase our influence over that government either in the near future or in the distant future when there would be a change in that government.

Secondly, an objective was to use contact with that element to try to end the Iran-Iraq war.

A third objective was to again, through that medium, through those forces, to try to decrease Iranian participation in or sponsorship of terrorism.

And fourthly, to try to use—to encourage that group to use their influence to assist in the obtaining of the release of hostages that were being held in the Middle East.

The transfer of weapons was a part, as I mentioned in my opening statement, of reciprocal good faith on both sides and the issue was discussed at great length, that was the primary discussion in the meeting on the 7th of whether this should be done or not.

Mr. NIELDS. I take it that, I think you said it, you recognized it as a risky proposition, but on balance, you thought it should go forward. I gather or I guess I would like to ask you whether a factor in your thinking was the question of whether the venture was likely to succeed?

Attorney General MEESE. It was in part whether it was likely to succeed. There were risks involved in terms of the people who were involved in Iran. There were questions as to whether it would succeed. There were questions, frankly, about whether it was a good idea to include the transfer of arms as a part of the showing of good faith.

All of these were aspects that were discussed at that meeting.

Mr. NIELDS. Did anyone at that meeting or any of the other meetings during January make reference to the fact that Benjamin Weir had been released simultaneous with an earlier transfer of weapons?

Attorney General MEESE. Counsel, I cannot recall whether that was mentioned or not at that meeting.

Mr. NIELDS. Did anyone make any reference to any of the prior history of this initiative at that meeting?

Attorney General MEESE. No. At that meeting I do not remember any reference to the prior history of the initiative. I have thought afterwards that it is possible some people might have made allusions to it, but I would not have had the background to pick up the allusion if they had.

Mr. NIELDS. Did anyone, for example, make reference to the possibility that as a result of what had gone before it would be dangerous to the hostages' lives to stop now?

Attorney General MEESE. No, I don't recall anything of that nature. Everything that I recall about that entire meeting was that the whole project was prospective in nature.

Mr. **Nields**. Did anyone make reference to the fact that the most recent transaction, the one which you now know occurred in November of 1985, had caused the Iranians to be angry that it had been botched, and that it was important to repair the situation?

Attorney General **Meese**. No, sir, I don't recall any discussion such as that.

Mr. **Nields**. I take it that another issue on which your advice was sought was the propriety of not notifying Congress at the time.

Attorney General **Meese**. There was a brief discussion of that—actually I think Director Casey raised that issue, said that he and his counsel felt it would be appropriate to delay the notification of Congress. There was discussion about notifying Congress as soon as possible, and I believe there was discussion at that session that we wouldn't even wait until the hostages were back in Weisbaden, I think that is where they had planned to take them, but as soon as they were on board the planes and under U.S. control, that there would be an immediate notification of Congress.

Mr. **Nields**. And I take it eventually you concurred in that procedure?

Attorney General **Meese**. I said I thought that that was correct, but I wanted to check the law first, which I did, and then gave my views in more detail or at least my concurrence with the CIA view on 16 January.

Mr. **Nields**. Did anyone tell you during any of these meetings that the President had one month earlier signed a Finding in connection with this initiative which called for postponed notification to Congress?

Attorney General **Meese**. No, sir, I cannot recall any mention of that at all.

Mr. **Nields**. And that includes General Counsel Sporkin at your meeting on the 16th?

Attorney General **Meese**. That is correct.

Mr. **Nields**. Made no reference whatever to the prior Finding?

Attorney General **Meese**. I don't recall any reference whatsoever to any prior Finding that had been signed by the President.

Mr. **Nields**. What was the—I think you have already given the practical basis for your judgment that postponed notification was warranted. What was the legal basis for your judgment that it was permissible?

Attorney General **Meese**. The legal basis was that Section 501(b) of the National Security Act of 1947 provides that the President, if there has not been prior notification under Section 501(a), shall make timely notification of the Congress.

Mr. **Nields**. Were you aware at the time, either your initial conversation on the subject or after you had checked the statute, of views expressed in the legislative history by Members of Congress and most significantly the chairman of the Senate Committee who is presiding today, Chairman Inouye, that the only circumstance in which prior notification could be foregone would be where the executive did not have time to notify Congress in advance?

Attorney General **Meese**. I am not sure that I was aware at that time. Since that time I have looked into the legislative history, and I have seen references to a variety of views that were expressed when the amendments were passed in 1980, views which Members of the Senate which also indicated that were some severe limitations on what Congress could impose upon a President regarding limitations, regarding notification because of his constitutional responsibilities.

There was a colloquy between Senator Javits and Senator Huddleston particularly in this regard and that there was also legislative history that the word "timely" was inserted and also words such as "consistent with the President's constitutional responsibilities and duties", and so on, so as not to create a confrontation over this particular act.

There was also testimony, I believe, before the Senate in that regard by Admiral Stansfield Turner, who was at that time the Director of Central Intelligence, as to the lack of desirability or indeed the danger of Congress requiring under certain circumstances notification immediately by the President.

There was also, I believe, a considerable discussion of this at the time of the signing of the act by—that included this particular provision by President Carter, acknowledging the prerogatives of the President and reserving, in effect, the ability of the President to delay notification of the Congress.

Indeed, I think there has been written material by Admiral Turner since that time noting that, in fact, there were such delays by President Carter during his administration.

Mr. **Nields**. Did you review any of this material at the time, prior to giving your opinion?

Attorney General **Meese**. No, at the time I reviewed the statute, and I believe the annotations.

Mr. **Nields**. Did you consult with anyone else in the Department of Justice on the question?

Attorney General **Meese**. No, I didn't. I would have ordinarily, but this was such a closely held matter that it was my understanding that no one was to know outside of that very small group of people that was involved in advising the President on the 7th and those people in the operating departments who were necessary to implement the initiative.

Mr. **Nields**. I take it then that there was no opinion done in writing on this question?

Attorney General **Meese**. That is correct. Not at that time. There have been opinions since that time.

Mr. **Nields**. And I take it that would include any opinion that made no reference to the specific facts of this initiative, but addressed the question of what the timely notice requirement meant in the statute at the time——

Attorney General **Meese**. There were none at that time. As I say, there has been since.

Mr. **Nields**. You have testified, I think, to the length of the delay which you anticipated at the time you gave your opinion on the propriety of delaying. Can you tell us again just what your understanding was of the length of the delay?

Attorney General **Meese**. My understanding was that this would be a near-term type of activity, that things were going to go forward virtually immediately and that it would be accomplished in 30 to 60 days. I am not sure that anyone actually put that timeframe on it in the discussion, but it was certainly implicit in what was said at that time.

There was discussion about the weapons transfers taking place, the hostages coming out immediately, and it was in that kind of a timeframe that it was discussed in general terms.

Mr. **Nields**. You may want to make reference to exhibit 9, which is—you don't need to, but I am going to make reference to it. It is a cover memorandum to the January 17th Finding. And on page 2, at the bottom, it says, "if all the hostages are not released after the first shipment of a thousand weapons, further transfer would cease."

Attorney General **Meese**. I do not believe that I ever saw this document at the time, but that certainly is consistent with what we were led to understand was a part of the discussion that I remember taking place on the 7th of January, and this was what led me to believe that this would be a very short-term operation.

Mr. **Nields**. Just to make it clear, either the weapons would be delivered and the hostages released at which point notice would be given, or the weapons would be shipped and the hostages not released, in which case the whole thing would be terminated and notice could be given.

Attorney General **Meese**. That is what this says and that's what I remember being discussed on the 7th of January.

Mr. **Nields**. As we all know, at this point the weapons were shipped, no hostages were released, but the initiative was not terminated. Were you ever advised that there was a change in plan in terms of the length of delay?

Attorney General **Meese**. No, sir. I was not. I found out about it obviously in November of 1986 that that, in fact, is what had occurred.

Mr. **Nields**. At any of the meetings in January of 1986 did anyone point out the advantage of consultation notice to Congress?

Attorney General **Meese**. I don't recall anyone pointing out the advantage of consultation with Congress or notification of Congress. It could possibly have been raised by someone on the 7th, but I certainly don't remember it. Anything—I think I said in my opening statement that there was no one who was arguing for notification. I don't remember anyone.

Mr. **Nields**. No one, for example, argued either that it would be helpful to get input form congressional leaders or that it would be helpful if the project failed to have some congressional support behind you?

Attorney General **Meese**. Not that I recall, Mr. Nields. Actually, the notification of Congress was a very brief part of the meeting on the 7th. The principal discussion at the meeting on the 7th was whether this should be done at all and there was a rather heated discussion of that in which I only had a very minor part.

It was primarily conducted on the one side by Secretary Shultz and Secretary Weinberger and on the other side by Director Casey and Admiral Poindexter.

Mr. **Nields**. Was this discussed as a U.S. Government proposal or an Israeli Government proposal that the United States was agreeing to or participating in?

Attorney General **Meese**. My best recollection was that they had talked about a the—that Israel had made suggestions about this initiative, and indeed, I believe that someone, a representative from Israel, had visited with Admiral Poindexter just a few days before.

Mr. **Nields**. I may say that, again, you may refer if you wish to exhibits 7 and 9. You already have 9 in front of you, which is the cover memorandum to the January 17th Finding.

Attorney General **Meese**. Right. I see there that it starts out by saying—by the way, this is a memorandum from Admiral Poindexter to the President attaching the covert action Finding regarding Iran, and it starts out by saying that Prime Minister Peres of Israel secretly dispatched his special adviser on terrorism with instructions to propose a plan by which Israel, with limited assistance from the United States, can create conditions to help bring about a more moderate government in Iran.

So it does certainly verify that point.

Mr. **Nields**. Is that consistent with your recollection of how the project was briefed to you at the time?

Attorney General **Meese**. Yes, sir, it is, and I am looking now at exhibit 7, which talks about Covert Action Finding regarding Iran, which appears to be a similar document.

Mr. **Nields**. That document, I should say, is dated the 4th of January, and is believed to relate to the Finding which was signed on the 6th of January.

Exhibit number 7, which is the one dated January 4th, describes a proposal pursuant to which Israel would ship weapons from its stocks which would later be replenished by the United States.

The exhibit number 9, which is the cover memo for the January 17th Finding, describes instead a transaction pursuant to which the United States would ship its weapons directly to Iran, and it places the change on legal grounds. I might read it, it is at the bottom of page 1 of exhibit 9, and it says "we have researched the legal problems of Israel selling U.S.-manufactured arms to Iran. Because of the requirement in U.S. law for recipients of U.S. arms to notify the U.S. Government of transfers to third countries, I do not recommend that you agree with the specific details of the Israeli plan."

However, there is another possibility, and it makes reference to the opinion of Attorney General Smith that you referred to earlier, and states that the objectives of the Israeli plan could be met if the CIA using an authorized agent as necessary purchased arms from the Department of Defense under the Economy Act and then transferred them to Iran directly after receiving appropriate payment from Iran.

And I guess my question to you is, were you consulted on the legal issues raised by Israel selling from its stocks followed by replenishment as compared with direct sales from the United States to Iran?

Attorney General **Meese**. I believe there was a discussion of that in which I participated at the time that we were looking over the Finding, possibly on the 16th of January. I do remember that at the meeting on the 7th of January, my best recollection is that Bill Casey said to me, you remember Bill Smith's memorandum in—

and I don't know whether he gave the exact date, which was in 1981 or some years earlier, authorizing CIA to transfer weapons under the National Security Act, and I did remember that because I had been present during a rather lengthy discussion of that at the National Security Council, and I indicated that I did.

This was really the basis for the discussion. I believe Secretary Weinberger at the meeting on the 7th said that he wanted to check that out with his general counsel that this could be done through the National Security Act rather than the Arms Export Control Act.

My recollection is that either while I was there or separately he had provided the information to Admiral Poindexter that his General Counsel was satisfied that the National Security Act could be used and there was at least a brief discussion in my presence in Admiral Poindexter's office on some occasion, I think it was the 16th, in which a variety of different modes of transfer were discussed.

One was the Israeli proposal of the Israelis transferring their weapons and our government replenishing their supply.

A second method was to go through an international arms dealer in which the Israelis would not be involved directly, and a third option was to have the CIA transfer the weapons directly to Iran or through Israel, but where CIA would be the principal entity doing it as is set forth here in exhibit no. 9.

I believe that the recommendation of the CIA General Counsel was that that be the method that be used. Certainly I agreed based upon Mr. Smith's memorandum which incorporated an original opinion that had been established by the State Department and with which the Department of Justice concurred in 1981 in another matter.

Mr. **Nields**. I think I understand, but I want to make certain. The committee has heard testimony from various sources, General Counsel Sporkin, some people from the Defense Department, and other testimony that there would be problems raised, legal problems raised if the Israelis transferred weapons that they had earlier purchased under the Arms Export Control Act, and that it was a cleaner and more appropriately legal way to do it, to simply transfer directly form the United States to Iran pursuant to an intelligence Finding.

Attorney General **Meese**. Yes.

Mr. **Nields**. Did you concur with that judgment at the time?

Attorney General **Meese**. Right. Let me amend by saying pursuant to an intelligence Finding and through the provisions of the National Security Act, and I did concur with that, yes.

Mr. **Nields**. I take it from your opening statement that you were pretty much not in the loop, so to speak, from the time this Finding was signed on the 17th of January until the publicity that arose in the November 1986 period?

Attorney General **Meese**. That is correct.

Mr. **Nields**. I think you made reference to a couple of brief consultations on tangential matters, but I take it you were not advised of particular shipments, for example?

Attorney General **Meese**. That is correct.

Mr. NIELDS. Now, I take it then during the week of the third of November 1986 some newspaper reports appeared making reference to this initiative.

Attorney General MEESE. That is correct.

Mr. NIELDS. And I think that the record reflects that initially the President indicated publicly that these were without foundation, or words to that effect, but the articles continued, and there was a meeting of various members of the National Security Council on the 10th of November 1986. Do you have a recollection of that meeting?

Attorney General MEESE. I don't recall statements by the President that you have characterized, but I do recall the meeting on the 10th of November, yes.

Mr. NIELDS. Was one of the topics of that meeting the question of what the press ought to be told about the initiative?

Attorney General MEESE. Let me first state, Mr. Nields, that the meeting on the 10th of November I believe you characterized as the National Security Council meeting. Did you?

Mr. NIELDS. I think I said various members of the National Security Council were present, but I will ask you that question. Was it a National Security Council meeting?

Attorney General MEESE. It was not. That is the point I wanted to make. It was a meeting in which a few members of the National Security Council were gathered in the President's office, in the Oval Office, I believe, rather than where the National Security Council or National Security Planning Group would normally meet, which is either the Cabinet room or the Situation Room.

At that meeting, and if I may, I will refer—I believe you have an exhibit that has some notes of mine on the 10th of November. If I may look at the——

Mr. NIELDS. I think you are referring to exhibit number 17.

Attorney General MEESE. OK.

Mr. NIELDS. We would appreciate if you would, at least for the time being, use that solely for purposes of recollection refreshing.

Attorney General MEESE. Yes. I do have—I am now referring to exhibit 17, which characterized, interestingly enough, I have characterized it as a national security meeting, not a National Security Council meeting, I think that may have a significance that I mentioned to you, in the Oval Office on the 10th of November at 11:30. I am looking now at my notes to refresh my recollection.

I see a note I took that says "Washington, D.C., too much talk," which may have to do with press accounts, and I see here my notes that says "Lives of those with whom we deal, for example, in Iran could be jeopardized," which I am sure was at least possibly in reference to how this should be handled with the news media. I don't have any other notes, but I am sure that at least a part of that meeting was involved with how this should be handled with the press.

Mr. NIELDS. What was the President's position on that subject at that meeting?

Attorney General MEESE. I think his position, as best I can recall, was that we should be very careful in statements to the press for a variety of reasons. He was concerned about the hostages who were still in Lebanon, he was concerned about the elements in Iran because at that time I believe there was some discussion that at least the communication with those elements could perhaps continue.

There was—I have a note here that says "debriefing of Jacobsen may lead to new opportunity," which would lead me to believe we felt there was still a possibility of getting hostages out, and I also have a note on my—a notation here on the second page of my notes that says "North, two more hostages by this weekend," which leads me to believe there was still hope we would get hostages out even in the course of this revelation.

So I believe the principal concern that the President had in regard to the way in which this was treated by the news media was to do nothing that would endanger either the hostages or the people in Iran.

Mr. NIELDS. There is another set of notes that relates to this meeting, which is exhibit 19, they are Mr. Keel's notes. On page 7 of them, the President—it is attributed to the President. We don't talk TOWs, don't talk specifics. Is that consistent with your recollection of the position that the President took at the meeting?

Attorney General MEESE. I will assume it's here. I can't find it, but as a matter of fact, I can hardly read it.

Mr. NIELDS. It's difficult to read.

Attorney General MEESE. But in any event, I don't have any recollection one way or the other whether he said that specifically. I do know that the more details that were given, such as TOWs, the more danger there would have been to the people in Iran and presumably to the hostages as well, so that would not be inconsistent with what I recall as the general tenor of the meeting.

Mr. NIELDS. Do you recall any other contrary views being expressed?

Attorney General MEESE. No, I do not. As a matter of fact, I think that was the general sentiment of most of the people there.

Mr. NIELDS. Either at the meeting or following the meeting, I guess I want to ask you, following the meeting, did you ask anyone in the Department of Justice to commence legal research into potential legal issues that might arise as the result of the publicity?

Attorney General MEESE. Yes. I had already given a warning order I believe sometime the previous week, prior to, on or about the 6th of 7th of November, I think Admiral Poindexter had talked to me about possibly needing some legal advice, or at least some help on legal issues. It was anticipated at that time that there would probably be testimony and questions raised in Congress, and he alerted me that probably we would need some legal assistance.

So the 7th of November, 1986, at a management planning conference that we were having, that was a Saturday, I believe, or Friday, actually, I asked Mr. Cooper, just very briefly, I alerted him to be prepared that he—and I suggested he have one other trusted person in his section be prepared to do some legal research on this, and I may have even mentioned at that time that he might be hearing from Commander Thompson, who was the assistant to Admiral Poindexter, and I believe served generally as the legal counsel for the National Security Council staff.

Mr. NIELDS. I take it at that time you were aware that there had been a Presidential Finding signed on the 17th of January?

Attorney General MEESE. I am not sure that I knew it had been signed. I knew it had been prepared, because I had been part of the preparation on the 16th. And so I assumed that it had been signed, yes.

Mr. NIELDS. And I take it, based on your familiarity with the prior opinion of Attorney General Smith, and from having read the statute, you felt comfortable that the transactions that had been done pursuant to that Finding were appropriate?

Attorney General MEESE. Yes, sir.

Mr. NIELDS. Were you at that point in time aware that there had been these earlier Israeli transactions which had occurred prior to the time of any Finding?

Attorney General MEESE. I am not sure that I was aware on the 10th. I would have to look back at my notes, which are exhibit 17. And I don't remember whether we were told on that day as to what the time sequence was, or whether this was in 1985 or 1986 or whether we were told at all. I do know that, my notes show that Admiral Poindexter talked about our—well, the meeting started with the President saying there was no bargaining or trading for hostages, and he said we would not trade anything in return for hostages.

Admiral Poindexter said it had to do with our long-term strategy in regard to Iran and listed the objectives, which I have already referred to, and then talked about the 17th of January, 1986 Finding—so the Finding was actually referred to in the meeting on the 10th—and then talked about Israelis, talked about a warehouse in Portugal, talked about a McFarlane trip to Tehran in May of '86, and talked about the arms transactions including the numbers of arms that had been shipped in the different shipments.

It is interesting to note that, at that time, he talked about 1,000 TOW missiles. Later on, in subsequent meetings, it was learned that that number was too low, that it was erroneous, it was twice that many, it was over 2,000 TOW missiles and so on. So I don't know here whether in fact anything was mentioned specifically about 1985 in that meeting.

I did ultimately learn that there were transactions that took place between the Israelis and Iran in 1985. But whether I knew them on the 10th, I am not sure.

Mr. NIELDS. While we are on that meeting at the 10th, you might want to refer to exhibit number 19, the second page, those are Mr. Keel's notes. Do you have those in front of you?

Attorney General MEESE. Yes.

Mr. NIELDS. Up near the top of the page there is a little one with a circle around it. And opposite that, it says "First 500 TOWs went," and it looks like "without permission. We found out eventually. Reimburse Israel." And then it says "Ed, we didn't sell," and in parentheses "Israel sold," and it looks like "was multi-phased transaction."

Attorney General MEESE. Right.

Mr. NIELDS. Now, first of all, do you have any recollection of that interchange?

Attorney General **Meese**. No, I don't have any recollection of it. I don't know whether that was a question I asked or a statement I made.

Mr. **Nields**. But it would appear from the notes that the subject of the earlier Israeli transaction came up and you either knew something about it or were asking a question about it.

Attorney General **Meese**. Well, I don't know that I knew anything about it. I do know that even—whether this was an earlier transaction or a later transaction, because it was originally described in our meeting on the 7th of January that we would—this multi-phased transaction was the suggestion of the Israelis.

That is what had been explained to us initially, even for the 1986 transactions, and I am not sure that I knew which of the three alternatives had ultimately been adopted by the President because I had never seen that memorandum that Admiral Poindexter sent to the President, which you described earlier as—I believe it is exhibit——

Mr. **Nields**. Nine.

Attorney General **Meese**. —exhibit 9, which is the memorandum dated the 17th of January. So I may have had in mind, when I asked that question, the original plan of the Israelis, because it said in these notes here, it says at the top of the page, Bud went in May 1986, the only trip. And then after that it says sold 1,000 TOWs and sold 240 types of HAWKs.

So I don't know whether we were told actually that any of this had taken place in 1985 at that point in the meeting.

Mr. **Nields**. In any event, I take it at sometime within a matter of days after the 10th of November you became aware there had been these pre-Finding shipments by the Israelis?

Attorney General **Meese**. Yes, sir. I believe Mr. Cooper actually told me that, that he had learned that from Commander Thompson.

I may have learned it from other sources, as well.

Mr. **Nields**. Did you have a meeting with Mr. Ledeen on the 14th of November?

Attorney General **Meese**. Yes, I did. I believe so. And I believe we have an exhibit that relates to my notes or my calendar that indicates that.

Mr. **Nields**. That should be exhibit no. 25.

Attorney General **Meese**. All right.

Yes. This is from my daily—kind of a spiral notebook that I keep—dated the 14th of November 1986, and it shows that Michael Ledeen at 2:05 p.m. met with me in my office.

Mr. **Nields**. Now, Mr. Ledeen was—based on the information that is available to the committee—was involved in the transactions in 1985 and then stopped being involved sometime prior to the January 17th Finding.

Do you recall what you were discussing with Mr. Ledeen and what the reason for the meeting was?

Attorney General **Meese**. Yes. Mr. Ledeen asked to see me because he said he wanted to talk to me about some matters relating to terrorism.

And at the start of the meeting, he said I want to talk—he said I want to mention about Iran. He said, my notes reflect here—he said we can still work with the original Iranian group with which he—Mike Ledeen—initiated the original contacts. And he mentioned Ghorbanifar and others.

Then I put a note at the side. It says Mike claims to have worked with McFarlane in 1985. And he had referred to something called channel one. Channel one had been referred to in the meeting, I believe on the 10th, that there had been two channels that had been worked, although I did not know the time sequence, I don't believe, with each of them.

And then he got on to the business that he had actually come to see me about. There were two items basically. One was he said that there was a lot of information in the hands of journalists that was not getting to the FBI, about terrorism, and he felt that the FBI should be more aggressive in talking to journalists particularly who had been overseas, who would have information and knowledge.

I don't remember this without having refreshed my recollection from the notes that are deleted from this memo prior on this meeting, I might add.

And the other thing he talked to me about was that he was available to help the administration in any way in matters relating to terrorism.

I might say parenthetically as to this item on Iran, I did not pursue that with him. I didn't know how much he knew, I didn't know how much he was authorized to know, I didn't know what his connection was, so I just dropped the subject and we went on to talk about what he had come to see me about, which was terrorism generally.

Mr. NIELDS. Do you recall if he made reference to arms transfers in 1985?

Attorney General MEESE. I don't recall that he did and I don't have any notes that say that he did, other than he claims to have worked with McFarlane in 1985, presumably in regards to some relationship with the Israelis.

Mr. NIELDS. I take it it would be fair to say that at whatever time you learned from Mr. Cooper or from whatever other source about these pre-Finding transfers, that they raised a different and more difficult legal issue than the transfers occurring pursuant to the January 17th Finding?

Attorney General MEESE. Yes, they did, and although Mr. Cooper had only briefly mentioned that to me, I didn't have a very great deal of knowledge about it, didn't know much about it at the time.

Mr. NIELDS. The President had a press conference on the 19th of November?

Attorney General MEESE. Yes.

Mr. NIELDS. Did you have any part in briefing him for that press conference?

Attorney General MEESE. No, I don't believe that—I know I didn't have any part in the briefing. I don't know whether any information was asked of us for the briefing. It may have been from someone in the Justice Department, but I had no personal participation in the briefing.

Mr. NIELDS. I want to ask you about that second part of your answer, and you might want to turn to exhibits 30 and 31.

Attorney General **Meese**. Right. I see an exhibit marked exhibit 30, and I don't see the date. The date can't be made out, but I think it may be the 18th or the 19th.

Mr. **Nields**. I believe it is the 19th. It looks like the 19th of November stamped in the upper righthand corner.

Attorney General **Meese**. It would show I received a phone call from Peter Wallison, who was then the White House counsel, at 9:15 in the morning, and one of the topics we talked about—the second topic, according to my notes—was a briefing to the President on the legal aspects of the Iran arms situation, and I presume that he did that.

Mr. **Nields**. Was he seeking some input from you on this subject?

Attorney General **Meese**. I don't know. I can't recall what the conversation was. By looking at exhibit number 31, I see that at our staff meeting on the 19th of November a matter came up regarding the briefing of the President for the news conference on Justice-related issues so it is entirely possible I was calling him to say our people were available to provide any information he might need for the briefing of the President.

He would have been participating in the briefing, and I wanted to, I may have wanted to let him know that our people were available on the legal aspects. He may have asked me about it, I can't tell from my notes.

Mr. **Nields**. So you know the issue was raised with someone at the White House in connection with the press conference, and you don't recall exactly how——

Attorney General **Meese**. Either raised with them by me or he raised that issue with me, one of the two.

Mr. **Nields**. Did you listen to the press conference?

Attorney General **Meese**. Yes. I was working late that night and so I listened to a part of it in the car going home. I think it was at 8:30 or 9:00 o'clock, whatever time it was. I listened to a part of it in the car.

I missed a part of it going form the car to the house and then picked it up where my wife was watching it on television.

Mr. **Nields**. Did you hear anything that caught your attention or needed further attention?

Attorney General **Meese**. Yes. I had heard or seen one of the two, that the President had, I believe, mentioned that there had been no third countries involved, or words to that effect.

Mr. **Nields**. And did you do something as a consequence?

Attorney General **Meese**. Actually, my feeling at the end of the news conference was that I felt the President had not been properly briefed based upon all the information even that was discussed at our prior meeting on the 10th. Because the President is very good with facts and with details if he has received the proper information, and so I was concerned that what—the way, the answers that he had given on the 19th were not consistent with him having been thoroughly briefed for that news conference, including, particularly, this matter of no third country being involved.

Mr. **Nields**. Maybe we should just turn to it. It is exhibit number 32. And I think the portion that you have reference to is at page 1586. I take it there on the lefthand column there is a question: "Mr. President, I don't think it is still clear just what Israel's role was in this. The questions that have been asked about a condoned shipment. We do understand that the Israelis sent a shipment in 1985 and there were also reports that it was the Israelis that contacted your administration and suggested that you make contact with Iran. Could you explain what the Israeli role was here?"

And his response is, "No, because we, as I say, have nothing to do with other countries or their shipment of arms or doing what they are doing."

And the answer continues.

Attorney General MEESE. Right.

Mr. NIELDS. I take it that's one of the answers that you had in mind when you were listening to the broadcast.

Attorney General MEESE. That was one of them. I also, looking up higher in that page, I see questions about a thousand antitank missiles and saying it is a shoulder-carried weapon. I wasn't that acquainted with TOWs at that time, but I had questions in my mind whether, in fact, it was a shoulder-carried weapon.

And also, the other parts happened to be spare parts for an antiaircraft HAWK battery, and as I say, all those weapons could be very easily carried in one mission.

There were a lot of questions then that had not been discussed at the meeting on or there were a lot of issues that had not been discussed at the meeting on Monday, and I had some questions whether that had been properly briefed to the President as well.

Mr. NIELDS. I think then on the next page, 1587, there is another question and answer on the Israeli subject at the bottom of the lefthand margin, lefthand column, there is a question, "Mr. President, going back over your answers tonight about the arms shipment and the numbers of them, are you telling us that the only shipments with which we were involved were the one or two that followed your January 17 Finding and that whatever your aides have said on background or on the record, there were no other shipments with which the United States condoned?"

And the answer is, "That is right. I am saying nothing but the missiles that we sold." And then the answer continues.

Attorney General MEESE. Right.

Mr. NIELDS. I take it those are the answers that prompted some action on your part and, if so, what action did you take?

Attorney General MEESE. I called Admiral Poindexter. It was primarily the reference to the third country, but this also was a question. And I was concerned about all of the answers, that they didn't seem to be the usual crisp, clear way the President has when he is in possession of all the facts, and so I called Admiral Poindexter that night, immediately following or within a few minutes following the television program, and asked him what had gone on, the news conference had not gone well, and I didn't think the President had been properly briefed, or words to that effect.

Admiral Poindexter said that the White House was issuing a clarification or a correction within a few minutes on the third country aspect. And I believe it was in that conversation he told me that the next day they were going to go over the testimony that was going to be presented to Congress on Friday about these matters and asked me if I would attend a meeting in his office.

I was supposed to be away that day, I was supposed to be at West Point the following day for an all-day trip and so I told him I would delay my trip long enough to attend a meeting in his office in the afternoon.

Mr. NIELDS. The record should reflect there was a correction issued on the third country issue and then moving to the subject you just raised, I take it you did attend a meeting the following afternoon in Admiral Poindexter's officer on the subject of the upcoming congressional briefings and testimony.

Attorney General MEESE. Yes. As I mentioned in my opening statement.

Mr. NIELDS. And I think you said that Director Casey was there and he was scheduled to testify the following day and Admiral Poindexter was there and he was scheduled to give briefings the following day.

Attorney General MEESE. That is correct.

Mr. NIELDS. And you were there and Mr. Cooper?

Attorney General MEESE. I was there, Mr. Cooper, I believe, Commander Thompson was there for some or all of the meeting, I believe that Lt. Col. North was there for at least part of the meeting, if not most of the meeting, and there may have been others present as well from time to time.

Mr. NIELDS. What was the purpose for your being there?

Attorney General MEESE. I think that it was the same purpose that Admiral Poindexter had talked to me earlier, that there would undoubtedly be some legal issues coming up and I felt it was important that these legal issues be accurately stated, and, therefore, I delayed my meeting.

I think I may have known about this meeting in advance and had planned to have Mr. Cooper attend, I am not sure. But in any event, I planned to attend myself after talking with Admiral Poindexter on the evening of the 19th.

Mr. NIELDS. And I take it again you were there because of the possibility that some legal issues would arise?

Attorney General MEESE. That is right.

Mr. NIELDS. Now, of course, you were actually able to catch a factual error in the President's statement of the night before based on your having been involved from the beginning and the fact that this was an Israeli proposal and that they were, in fact, involved.

Attorney General MEESE. Yes.

Mr. NIELDS. But your presence on the afternoon of November 20 was not, I take it, to give factual input but rather legal?

Attorney General MEESE. It was certainly to give whatever legal input was necessary and to help in any way that I could.

Mr. NIELDS. Did the subject of the Israeli pre-Finding shipments come up again at that meeting?

Attorney General MEESE. Well, yes, at that meeting, as I mentioned earlier, I had already some knowledge from Mr. Cooper, very brief knowledge, that there had been shipments in 1985, prior to the 17th of January 1986 Finding.

In that meeting, it did come up, and particularly I think there was a discussion of some shipments, of a shipment of HAWK missiles in November of 1985.

I remember that there was general discussion. For the first time, I saw also a chronology of the different shipments that had occurred, which the NSC had prepared. It was a two-page kind of calendar of events that had taken place, and I saw that for the first time, I remember, I was quite interested in that because that laid out for me in some detail the different shipments that had taken place, the hostages had been released and so on, in both 1985 and 1986.

I also saw, at least briefly, a chronology which was a more detailed narrative, which had been prepared by the NSC staff, I believe, earlier that day on the 20th. And then saw testimony, and—there was testimony that had been prepared for Director Casey and there was also a memorandum relating to specifically the HAWK shipments in 1985, in November of 1985.

Mr. **Nields**. And the memorandum, would that also be, could that also be termed an insert?

Attorney General **Meese**. I think it was designed to be an insert, yes. It was in memorandum form. It said some subject—well, I imagine you have that as an exhibit also.

Mr. **Nields**. Yes, we do. It is exhibit 33.

Attorney General **Meese**. exhibit 33, yes. This is what I am referring to. It says, "Subject: CIA Airline Involvement," and that was, as I understood it, intended to be an insert in Mr. Casey's testimony, and this was discussed and that is what I was referring to when I talked about the November 1985 HAWK shipment.

Mr. **Nields**. What do you recall about the discussion on the subject of this November 1985 HAWK shipment?

Attorney General **Meese**. There seemed to be an awful lot of confusion about who had done what and how much people knew at the time. And I believe that Colonel North appeared to be the most knowledgeable person about what had taken place. I believe Mr. Casey, if I remember correctly, had actually been out of the country when this took place and didn't have much personal knowledge of it.

There may have been someone else there from the CIA, I have a vague recollection that George Cave might have been there, but I am not positive, or John McMahon or someone like that.

In any event, there were corrections that were made in the insert that were suggested by different people there, such as among others I believe Colonel North.

Because I notice in my handwriting here that I put in things that were suggested to be changed, and I have looked at another exhibit which is similar and which I see here is exhibit no. 34 where someone else who's handwriting I don't recognize was apparently doing the same thing.

Mr. **Nields**. OK Just so the record is clear, with respect to exhibit 33, that document contains your own handwritten interlineations, I take it.

Attorney General **Meese**. Yes.

Mr. **Nields**. And particularly on the third-from-the-bottom paragraph, there is in the middle of that paragraph, there is a statement, "No one in the USG found out that our airline had hauled HAWK missiles into Iran until mid-January when we were told by the Iranians."

I take it that is your handwriting that put in the words "no one in the USG found"——

Attorney General **Meese**. That is my handwriting, but someone else suggested that correction and that is why I say apparently someone else was taking the same notes because exhibit 34 has similar interlineations.

Mr. **Nields**. I think there is testimony on the records that the similar interlineations on exhibit 34 are those of Colonel North.

Attorney General **Meese**. I see.

Mr. **Nields**. Now, in some of the document—notes we have gone over today and in some others that we have not, there were statements made during this timeframe that the U.S. Government didn't find out about the August and September TOW shipments to Iran by Israel until after they had happened.

Now, I take it with respect to this HAWK shipment, as you learned at this meeting, it was not possible to take that position because the CIA airline had actually been used to carry them.

Attorney General **Meese**. That was not my understanding at the meeting. I believe at the meeting we were told that a CIA proprietary had been suggested to the Israelis, or that the name of a CIA proprietary, but that airline had acted as a normal carrier and not as a CIA expedition, and there was some discussion back and forth on that at the meeting.

Mr. **Nields**. In any event, there had been U.S. Government participation in arranging the actual movement of the goods, whatever goods there were.

Attorney General **Meese**. What we were told at that meeting, and I had no knowledge personally as to whether this was correct or not, was that the only involvement that—well, first of all, we were told at the meeting that these were, to the best of the knowledge of people in the U.S. Government, these were oil-drilling parts, and we were also told that the only involvement of the U.S. Government was to suggest an airline, which happened to be a CIA proprietary, and that the suggestion to the airline, and that the CIA would notify the airline that they should take this shipment.

Mr. **Nields**. Just so the record is clear, you said you were told at the meeting that the U.S. Government believed they were oil-drilling—had been told they were oil-drilling parts.

Attorney General **Meese**. This is my understanding and that is my recollection of what we were told at the meeting that that was true.

Mr. **Nields**. Again just so the record is clear, the understanding at the meeting I take it was that in fact what was shipped was HAWK missiles?

Attorney General **Meese**. Yes.

Mr. **Nields**. But that at the time of the shipment, the U.S. Government was told they were oil-drilling parts.

Attorney General **Meese**. Yes, sir; that is correct.

Mr. **Nields**. But there was at least some involvement of the U.S. Government in actually moving whatever it was that we were told was being moved at the time?

Attorney General **Meese**. Well, the involvement we were told about was the recommending of an airline to carry them, yes.

Mr. NIELDS. And who was it at that meeting that proposed this insert with this interlineation, namely that "no one in the U.S. Government found out that our airline had hauled HAWK missiles into Iran until mid-January?"

Attorney General MEESE. I don't know for sure. I can't remember who. I think most of the suggestions, however, were coming from Lt. Col. North.

Mr. NIELDS. Did anyone dissent from this, anyone at that meeting dissent from this statement in exhibit 33?

Attorney General MEESE. I don't remember anyone dissenting, and I doubt if I would have written it in unless there was general agreement that that is what should have been put in there, that that is what was agreed upon to be put in there.

Mr. NIELDS. Did Admiral Poindexter dissent?

Attorney General MEESE. Not to my recollection, but I can't be absolutely—I am sure that he did not because I don't think he said much of anything during that meeting.

Mr. NIELDS. Did he dissent later on? Did he call you on the phone?

Attorney General MEESE. Not that I—no, he did not.

Mr. NIELDS. I take it from your testimony that you were not aware at the time that this statement was contrary to fact?

Attorney General MEESE. I had no knowledge whatsoever about the truth or falsity of any of the material there. This was all new to me.

Mr. NIELDS. Did this question, namely whether the CIA or the U.S. Government had acted with knowledge that there were HAWK missiles on the proprietary relate to any of the legal issues that were on the table at the time?

Attorney General MEESE. I don't think we discussed this in regard to the legal issues at the time. I don't remember it, this coming up as a specific legal issue. Although it may have, it obviously had a legal ramification as an after-the-fact consideration in November of 1986, but I don't remember much discussion of the legal aspects of it.

It is entirely possible it did.

Mr. NIELDS. I take it when you left the meeting, this formulation in exhibit 33 had been, as far as you were concerned, agreed to?

Attorney General MEESE. I believe that is correct.

Mr. NIELDS. And that that is what—at the time you left the meeting, that is what Director Casey would tell the committees the following day and that is what Admiral Poindexter would tell the committees the following day?

Attorney General MEESE. That is what I recall, yes.

Mr. NIELDS. Did you receive a call—I take it then you left the meeting and went to West Point?

Attorney General MEESE. Right, I flew to West Point where I was giving a talk at a banquet that night.

Mr. NIELDS. Prior to the time that you actually got on the airplane for West Point, did you receive any telephone calls on this subject, namely the HAWK missile, 1985, subject?

Attorney General MEESE. I don't recall receiving a telephone call specifically, but I have been told that I did and I believe it to be correct that I did receive a call, and my understanding is it was from my deputy, Arnold Burns.

Mr. NIELDS. Do you recall what he told you in this conversation?

Attorney General MEESE. No, I don't recall it, and he doesn't recall what he told me, but as best as I can piece together from what others have said, he told me that there were some concerns about the Statement or the testimony that Director Casey was going to give and that those concerns came from the State Department.

I have a very vague recollection—my best guess, I guess you would have to say, based upon what Mr. Burns and I have talked about, is that I said something to the effect that we have just been working on getting that statement corrected, or something to that effect.

In any event, something that in effect completed the conversation, but I can't recall specifically what I said.

Mr. NIELDS. I think you are making reference to materials that have been made public, and they are to the effect that Judge Sofaer had a copy of the same testimony that you had reviewed that afternoon and had raised objections to the statement that there had been no knowledge in the U.S. Government that HAWK missiles were being shipped, and made a call to your deputy and received a call back from your deputy that he had discussed it with you and that you were aware of the problem, and knew facts that essentially made it okay.

Attorney General MEESE. I am not sure that it was his—I don't know what his objection was. It was that he felt that there was something wrong with the testimony that Director Casey was going to give, and I said to Mr. Burns, as near as I can piece together, that we had just been correcting the testimony, so I assume whatever problems he had would have been taken care of in the corrections that we made.

Because to our knowledge the one person who was most knowledgeable about this whole thing was Colonel North and he had been there making the corrections.

Mr. NIELDS. Did you—let me withdraw that.

Are you saying that Mr. Burns did not tell you what the problem was so far as the State Department was concerned or that you have forgotten what he told you?

Attorney General MEESE. I can't tell you for sure. I don't recall the details of the conversation, but I am almost positive he did not go into the details—the specifics of what the State Department concerns were, because that would have raised a lot of questions in my mind, and what he told me did not.

I think the reason he didn't is we were on a nonsecure phone, probably a phone that was in my car as I was racing to Andrews Air Force Base.

Mr. NIELDS. Did he give you an impression that there was a sense of alarm at the State Department or was it——

Attorney General MEESE. Not that I recall—that they had some of the same questions about the statement that we had just been correcting over in Admiral Poindexter's office.

Mr. NIELDS. I take it then you went to West Point and at some point that evening received a telephone call from Mr. Cooper?

Attorney General **Meese**. Yes.

After several attempts to get the secure phone working finally around 10:30 that evening or so, I received a call from Mr. Cooper which put a quite different picture before me, and that was that, there were some severe concerns in the State Department that there was a good deal more knowledge within the U.S. Government about the fact of HAWKs being shipped in November 1985 that was known then than anything we had been led to believe earlier that afternoon.

Mr. **Nields**. Was he specific?

Attorney General **Meese**. Yes, since we were on a secure phone he could be specific, and he indicated that Mr. Shultz had knowledge in November of 1985 and had been told, I believe, by Mr. McFarlane, that the shipment of the Israelis that was going to Iran did contain HAWK missiles.

Mr. **Nields**. Did he mention any documentary support for Secretary Shultz's recollection?

Attorney General **Meese**. I think that he did mention that notes had been taken at the time or that Secretary Shultz had notes about HAWK missiles being shipped.

Mr. **Nields**. And what did Mr. Cooper suggest that you do?

Attorney General **Meese**. Well, he was concerned about this and said we couldn't let Director Casey go and testify the next day with erroneous information, and I said I absolutely agreed, and asked him to get in touch with CIA general counsel, I think his name was Dave Doherty at the time, that evening, and to go out if necessary to CIA in the morning before Director Casey left for his testimony and make sure that if there was a difference of recollection on these matters to be sure that either it was resolved or if it was not resolved to be sure that Director Casey did not put anything in his statement that might be inaccurate.

Mr. **Nields**. Now, I take it that from your opening statement and other information that you returned to Washington?

Attorney General **Meese**. Yes. I was supposed to go from West Point to Harvard and participate in a seminar there. I decided that I better return because at that point, in my view, we had so many people involved in this and each had a little piece of information, that there was obvious confusion and that we better get a coherent account of what, in fact, had occurred.

Chairman **Inouye**. Mr. Nields, is this a good place to take a recess?

Mr. **Nields**. That would be just fine, Mr. Chairman.

Chairman **Inouye**. The hearing will stand in recess for 10 minutes.

[Recess.]

Chairman **Inouye**. The hearing will please come to order.

Mr. Nields will resume his questioning.

Mr. **Nields**. Thank you, Mr. Chairman.

Mr. Attorney General, when Mr. Cooper called you in West Point, did he tell you that Judge Sofaer was sufficiently alarmed about this issue that he or people in the government were ready to resign over it?

Attorney General **Meese**. I don't recall whether he mentioned that or not to me, but I certainly was concerned about the situation, and I am sure that he registered with me his own considerable concern.

Mr. NIELDS. And you have testified to there being in your mind some confusion——

Attorney General MEESE. Yes.

Mr. NIELDS. —evidenced by the various versions that you heard, but I take it that it occurred to you during that conversation with Mr. Cooper that if the Secretary of State had a note, a contemporaneous note, that he had been told by Mr. McFarlane at the time that there were HAWK missiles going to Iran, I take it it occurred to you that if that was the case, the testimony which—the proposed testimony of Mr. Casey would be false?

Attorney General MEESE. That it certainly would be inaccurate, and my impression throughout that whole time is that Mr. Casey really had not known what was going on at the time because, as I mentioned, I think he was out of the country in '85, in November, or was at least not familiar with these facts. That was obvious from seeing what went on in Admiral Poindexter's office earlier that day and also what it did appear to me as to the whole general situation was I knew myself that this had been a highly compartmentalized situation. I didn't know very much about it, as I've already related in my opening statement. And so what I expected was there were a lot of people who had bits and pieces of what had gone on, and no one had tried to do a complete overview to figure out what, in fact, was a comprehensive or coherent account of what had taken place.

Mr. NIELDS. I take it that the person who was I think you described as most knowledgeable, Colonel North, was the one who had been present in the meeting and had proposed the language which appeared to simply be wrong in light of what the Secretary of State had?

Attorney General MEESE. Colonel North seemed to be the one who was most in possession of the facts at the meeting, but also I had in mind, I believe from Mr. Cooper telling me, but it may have been from just prior knowledge, that Mr. Shultz's knowledge of the situation came from him being over in Geneva with Mr. McFarlane. So I didn't know but what Colonel North knew some things, Mr. McFarlane knew other things, and Mr. Shultz knew still other things. Because I think it had been related in the meeting that afternoon that Mr. North got involved in the situation to provide some minimal assistance because of a phone call from Mr. McFarlane.

Mr. NIELDS. But I take—well let me ask you: Was Colonel North pretty definite and assertive about the version of facts that he was relating at the meeting on the afternoon of the 20th?

Attorney General MEESE. Colonel North is assertive about most things, but I don't know that he was particularly vehement about it. It was really—what I got was that people were trying to be helpful in putting together a truthful and accurate account of what had happened.

Mr. NIELDS. Did it at least cross your mind during your conversation with Mr. Cooper that you might be dealing with something more than just confusion?

Attorney General **Meese**. No, sir, it did not. As a matter of fact, that didn't cross my mind at any time during that day or the next several days.

Mr. **Nields**. I will pursue that, but just for the moment, I take it, in any event, that whatever Mr. Cooper said or whatever was on your mind, it was sufficient to cause you to cancel your trip and to return to Washington?

Attorney General **Meese**. Yes. I felt that I owed a duty to the President to let him know that there was a great deal of confusion about this matter, and this was obviously a major issue as far as the administration was concerned, and I wanted to be sure that particularly the initial testimony that was being presented to Congress, which was to take place on Friday, and the briefings that were going to be held by Admiral Poindexter, would be totally accurate, and if there was a gap in information that was available to us, that that be frankly acknowledged to the Congress rather than to say something that might later turn out to be untrue.

Mr. **Nields**. I take it you did return to Washington, and the following morning after a staff meeting, you had a meeting with the President?

Attorney General **Meese**. Yes. I didn't actually have a staff meeting in the sense of our normal staff meeting in my office, because I didn't get back in time for that, but there was a meeting of some members of my staff later that morning where I was brought up to date by Mr. Cooper and others on what occurred during my absence. I had been told that Mr. Casey's statement had been changed to be sure that he did acknowledge that we didn't have all the facts on some of these things, or words to that effect, and then I called, I think Admiral Poindexter, either Admiral Poindexter or Don Regan and asked to see the President that morning, and I believe we had an appointment that was set for 11:30, sometime after 11:00.

Mr. **Nields**. Your records reflect 11:30, I believe. I take it you did have a meeting with the President? What did you say to him?

Attorney General **Meese**. I told the President—and here I might say for the record that I normally do not relate conversations with the President, but with his permission I will give it as accurately as I can recall—I told the President that we had been working on the preparation of testimony for Director Casey and for the preparation for the briefings of Admiral Poindexter—incidentally, in the meeting were the President, myself, Don Regan, and Admiral Poindexter—and that I was concerned that there seemed to be a lot of confusion among the people who were participating or who had some knowledge of the Iranian initiative.

I mentioned that it was probable that this was because different people were doing different things, the CIA was doing some things, the Department of Defense was doing other things, the NSC staff had certain responsibilities, and so on, and that because of the highly compartmentalized nature of the whole initiative, that people had not talked to each other, you did not have the normal documentation and reporting, and that therefore there was a great deal of confusion, and I was afraid that there would be inaccuracies both in what he would be saying to the public and in what would be testified to before Congress if we didn't have someone look into the matter to the extent of trying to develop a coherent overview of all the facts.

I told him at that time that I thought this was absolutely necessary.

I can't recall whether he told me in that conversation that George Shultz had talked to him the previous evening about the same thing or not, but I did gather that he was already aware that there was such confusion. And I think Don Regan expressed agreement that something like that had to be done, as did Admiral Poindexter.

In any event, the President—in the course of the conversation, I said to the President that if he wanted me to do it, I would do it or he could get someone else, but someone really had to get on top of the facts so that we did know exactly what had happened.

The President, in the course of the conversation, asked me to do that. I think maybe Don Regan or someone, I'm not sure, said that we would have to be talking with Cabinet members, so it would be desirable to have a Cabinet member doing the fact gathering.

In any event, I left that meeting with the charge from the President to try to develop an overview of the facts, and he asked—I think Don Regan, probably Don Regan, interjected, could I get that done by 2:00 o'clock on Monday afternoon, the 24th, because we were supposed to have a National Security Planning Group meeting on the subject of Iran.

Mr. NIELDS. Did you explain precisely what the discrepancy in versions of the facts were?

Attorney General MEESE. I can't, I am not sure how much detail I went into. I do think I remember saying that Lt. Col. North knew some things that people in the CIA knew other things, that George Shultz knew some additional information, and that nobody had put all of this information together.

Mr. NIELDS. Well, I take it from your prior testimony that there was a specific issue of conflict, namely whether the U.S. Government knew at the time in November of 1985 that HAWK missiles were being transported rather than oil-drilling equipment.

Did you disclose that that was the issue on which there was a conflict?

Attorney General MEESE. I may have mentioned that that was it, but my own view in light of the Presidential news conference the previous Wednesday, the confusion that was apparent on Thursday afternoon and then the additional facts I had learned on Thursday night gave me the impression that there was pretty general confusion about what had gone on and that we needed to pull the facts together.

Mr. NIELDS. Did Admiral Poindexter give any factual input during that meeting? Did he clarify his version of the facts?

Attorney General MEESE. No, he did not. My recollection is that he agreed that that would be a good idea to do that.

Mr. NIELDS. Did you ask the President whether the U.S. Government had known of the HAWK missile shipment at the time or whether he had approved of it?

Attorney General MEESE. No, I don't believe that ever came up in the conversation.

Mr. **Nields**. Now, following receiving this charge from the President, I take it you met with various people on your staff at the Justice Department.

Attorney General **Meese**. Well, what I did was I went back to the Justice Department and brought together people who were knowledgeable on this subject or on related subjects so that we would have a small team. I brought together Mr. Reynolds, who had had a lengthy career in complex litigation and who was one of our top people in the Department and who had also done a number of National Security Council-related projects for me.

I brought together obviously Mr. Cooper, who had been working with me on this specific matter, and the legal aspects of it previously, and who, of course, was in the office that has responsibility for advising me and the President on all the Executive Branch matters, including the national security matters, and I brought together John Richardson, who was an assistant in my office who handled the foreign intelligence matters for me, and I brought them together because of their knowledge and also they were people I could count on to work over the weekend, and so as a result we started work and brought them together at noon on Friday and commenced a plan then of how we would go about this.

Mr. **Nields**. Did you select anyone from the Criminal Division?

Attorney General **Meese**. No, I did not.

Mr. **Nields**. Was there a reason for that?

Attorney General **Meese**. Well, there was no reason to select anyone from the Criminal Division inasmuch as there were no criminal aspects to this.

Mr. **Nields**. Now, you said that you worked out a plan of action, and I take it that you identified people that you wanted to talk to and also documents that you wanted to review.

Attorney General **Meese**. Yes. I believe that you have an exhibit that reflects at least some of that here, which lists, is the list that I started on the 21st and then added to as we went along of the people that we wanted to talk with and also the actions that we wanted to take.

Mr. **Nields**. That is exhibit no. 42.

Attorney General **Meese**. I will turn to that if I may to assist me in answering any questions you have.

Mr. **Nields**. Please do.

Attorney General **Meese**. On that——

Mr. **Nields**. I don't think we need to spend a lot of time with this.

The first page is a list of people, and I take it those are people you felt ought to be interviewed.

Attorney General **Meese**. Yes. And, counsel, just so we are sure, the list bears the date the 21st of November 1986, and I think at least the first five or six or perhaps more names were added or were put on there at that time and then other names were added as we went along as I discovered other people that might be worthwhile talking to.

Mr. **Nields**. And the second page has a number of other items on it, the first one that isn't blocked out says, "JMP." I take it that is Poindexter.

Attorney General **Meese**. Yes.

Mr. **Nields**. It says "every document, telephone logs, et cetera," and there is a check next to that, "contact person Paul Thompson." There is a check and then there is "What did GPS give to or show RR," and there is a check there.

Attorney General **Meese**. Right.

Mr. **Nields**. And again I take it you had not asked RR earlier that day what GPS had given to or shown him?

Attorney General **Meese**. I don't know how, I think that possibly the President may have said something or John Poindexter may have said something that he had given something to the President. In any event, we wanted to see what that was and asked that be made available.

Mr. **Nields**. Now, the first item says every document, telephone logs, et cetera, and you have checked it. Does that reflect the fact that you made a call to Admiral Poindexter at about 3:00 o'clock in the afternoon?

Attorney General **Meese**. Right.

My notes show there was a telephone conversation on that date, the 21st of November 1986 at 3:00 p.m. and the checks would mean that I mentioned each of those things to Admiral Poindexter that we wanted to first have—first of all, that we wanted to have a chance to look at every document, telephone logs or other things that might be helpful in developing kind of a chronology or overview, secondly, I asked him who the contact person would be.

I assumed it would be Paul Thompson, and he said that it was, and I asked the question: "What did George Shultz give to or show the President?" If there was anything.

I don't know whether I knew there was anything or not. So I can't be sure on exactly what that meant at the time, but at least I asked that question of him.

Mr. **Nields**. Now, in any event, I take it it is clear that you made a request by telephone of Mr. Poindexter for relevant documents. Did you give him a time when you wanted those documents by?

Attorney General **Meese**. I probably, I don't know whether I did or not. But I probably, I may well have at least told him the next morning, because obviously we wanted to get all the documents together, and also, I was going to proceed to talk to Mr. McFarlane that afternoon, so I think that I specified then it would be the next morning.

Mr. **Nields**. Now, I need to ask you this question because the committee, as you know, has heard evidence that that afternoon a number of the relevant documents were destroyed both by Admiral Poindexter and by Colonel North. Was there a reason for not doing the document review Friday afternoon?

Attorney General **Meese**. The only reason that I can remember is by the time I called him it was 3 o'clock, and I would figure they would need at least a little time to get those documents together and so that was the only reason that I told them that we would have our people there the next morning so they could go through these things in an expeditious fashion.

Mr. **Nields**. The——

Attorney General **Meese**. Incidently, I believe, counsel, that you also received testimony that most of the documents, or much of the documents had already been shredded before that time, if I remember correctly.

Mr. **Nields**. We have received testimony of shredding earlier and shredding that afternoon. The first witness on your list is Mr. McFarlane, and I take it you arranged to have him interviewed on Friday afternoon.

Attorney General **Meese**. That is correct.

Mr. **Nields**. And did you ask him during your interview whether what he knew about the cargo on the plane that went to Iran in November of 1985?

Attorney General **Meese**. Let me consult, if I may, my notes, or the notes that were taken of the interview with Mr. McFarlane.

Mr. **Nields**. Exhibit 40.

Attorney General **Meese**. All right. I think I also have copies of those notes that may be easier to read. Let me try this.

Mr. **Nields**. The relevant portion of the notes is page 3 at the bottom and page 4 at the top.

Attorney General **Meese**. OK. I have copies of the same notes here which are one xerox removed, I believe, so if I may, I will refer to those.

Yes, it relates to—it says "November HAWKs, McFarlane thinks he first learned of it when he was briefed for the trip to Iran in May. Iran sent back the HAWKs because they couldn't reach high altitude bombers." I am relating now what our notes reveal that he told to us. He said, "North briefed McFarlane, he was the action officer on this beginning in October or November."

And then he goes on to say that "November 16 or 17 at the summit in Geneva," I assume this relates then to 1985, "he learned that Israel had shipped oil equipment, Rabin called him from New York and said they had a problem with a shipment to Iran."

"McFarlane asked North to assist. North reported back that Israel hit a snag in Customs in Portugal, and it may take a call to the Prime Minister of Portugal. A couple of days later he talked with the Prime Minister of Portugal." And I am not sure whether that refers to North talking or McFarlane talking, but I believe it was McFarlane, but I am not positive.

"McFarlane said it was an important project" and that Rabin had told him that it was an important project and "would appreciate his, McFarlane's, assistance."

"McFarlane remembers no mention in all this of arms. McFarlane didn't know this involved procuring a plane, doesn't remember his chat with George Shultz but he probably had one."

Mr. **Nields**. I think you have read the relevant portion. Is that consistent with your recollection of your interview with Mr. McFarlane?

Attorney General **Meese**. Yes sir, it is.

Mr. **Nields**. So that Mr. McFarlane told you on the afternoon of November 21 that he had been told, at the time, in Geneva that oil-drilling equipment was being shipped, that his information was obtained from Colonel North and that he didn't learn that there were HAWK missiles on the airplane until May of 1986.

Attorney General **Meese**. Well, I believe, if you put all of this together, he actually learned, it is hard to say who he learned from that this was supposed to be oil-drilling equipment, it may have been from Mr. Rabin, who was calling from New York who was telling him that this was an important Israel shipment.

So that knowledge could have come through that route rather than from Colonel North.

Mr. NIELDS. Correct. But he does say as a general matter that North was the action officer and——

Attorney General MEESE. Yes, he said——

Mr. NIELDS. —and North briefed McFarlane.

Attorney General MEESE. Well, he says that he asked North to assist after getting the call from Rabin. As I read these notes and having my recollection refreshed, the narrative that Colonel North gave to us was that he had gotten a call from Mr. Rabin or from Israel officials, and I believe it is Mr. Rabin, calling from New York saying that there was an important Israel shipment going to Iran, that they needed our help, that because Bud McFarlane was in Geneva with the President, you remember this was the summit, that he asked Colonel North, called Colonel North at the NSC staff offices and asked him to assist.

North reported back that Israel had hit a snag in Customs in Portugal and that it might take a call, I believe from McFarlane to the Prime Minister of Portugal, in order to clear this snag, and a couple days later he, and I believe that is McFarlane, did talk with the Prime Minister of Portugal.

You are probably more knowledgeable from Colonel McFarlane's testimony than I am of this.

In any event, it was an important project and so Mr. McFarlane was trying to do what he could but a lot of the pick and shovel work, there was not an extensive United States involvement in all of this, and at least Mr. McFarlane's version was it was to clear a Custom's snag in Portugal.

In any event, this is, Mr. North had worked on that and the information that Mr. McFarlane had was this was oil-drilling equipment and that he later learned these were HAWK missiles.

Mr. NIELDS. Later, meaning May of 1986?

Attorney General MEESE. That is what he told us, yes.

Mr. NIELDS. Now, when you heard Mr. McFarlane's version of the facts, did it occur to you that it was squarely contrary to the version of the Secretary of State?

Attorney General MEESE. No, because I hadn't talked to the Secretary of State yet.

Mr. NIELDS. But you had heard, I take it, from Mr. Cooper that the Secretary of State had a note contemporaneously made that Mr. McFarlane had told him in Geneva that the cargo was HAWK missiles?

Attorney General MEESE. I believe that the information that I had was that George Shultz knew that they were HAWK missiles. I don't think I knew at the time or I may not have known at the time that he had learned that from Mr. McFarlane because I really didn't know much about what Mr. Shultz knew until I talked with him the following morning.

Mr. NIELDS. Do you recall Mr. Cooper telling you the night before not only that he had learned from Judge Sofaer of the State Department that Secretary Shultz had a note indicating that he had learned about HAWK missiles from Mr. McFarlane, but that he had then asked Commander Thompson to doublecheck the story with Colonel North and McFarlane and the word had come back that they stick to their story? Do you recall that?

Attorney General Meese. I don't recall that precisely, but it is entirely possible. I know I did ask Mr. McFarlane about whether he remembered a conversation with George Shultz. He said he did not but he probably had one.

Mr. Nields. I take it you asked that question because you had heard about that conversation before the interview?

Attorney General Meese. I'm sure I had. It is even possible that Mr. Cooper might have asked that question. I'm not sure. But at least that came up in the conversation.

Mr. Nields. In any event, by the time the interview was over, either because of what Mr. Cooper had told you earlier or because of what he was relating during the interview, you had now uncovered what appeared to be a square conflict between Mr. McFarlane's claimed lack of knowledge and Secretary Shultz' claim that McFarlane had told him?

Attorney General Meese. Or at least a difference in their recollections, yes.

Mr. Nields. Did it occur to you that it is at least unlikely that the National Security Adviser and the Secretary of State, on a matter such as this, would fail to remember whether oil-drilling equipment or arms were involved?

Attorney General Meese. Well, the whole—Mr. McFarlane's memory about this was very hazy, very murky, and I attributed that at the time to the fact that he was primarily involved with the summit with the President and with the meeting with the General Secretary of the Soviet Union and really didn't probably pay an awful lot of attention to this.

Mr. Nields. Now, after the interview with Mr. McFarlane, did—I take it the interview was conducted in the presence of Mr. Cooper?

Attorney General Meese. Yes, it was—Mr. Cooper and I were together in my office with Mr. McFarlane.

Mr. Nields. And indeed these are Mr. Cooper's notes that you have been referring to?

Attorney General Meese. That is correct.

Mr. Nields. No one else was there, I take it?

Attorney General Meese. No, I don't believe anyone was there at any time. Someone may have wandered in or out during the—I think it was about an hour, a little more than that. But not that I can recall.

Mr. Nields. Now, at the end of the interview, did Mr. Cooper and Mr. McFarlane leave together and did Mr. McFarlane then return and have a discussion with you, just the two of you?

Attorney General Meese. I believe they were both going out, and I think either I was walking out with Mr. McFarlane or he turned back, something like that. But we did have a conversation just between the two of us.

Mr. Nields. What did—did Mr. McFarlane initiate it, or did you?

Attorney General Meese. I think Mr. McFarlane did, as near as I can recall.

Mr. Nields. What did he say?

Attorney General **Meese**. He said something to the effect that I have been taking a lot of this on my shoulders in the speech I gave this last week and what I have said this last week but I want you to know—it was something to the effect he wanted me to know that the President was generally in favor of pursuing the Israelis' ideas all along.

Mr. **Nields**. And did you respond to that?

Attorney General **Meese**. Yes. I said, "Well, Bud, just be sure that whatever you do you tell the truth." I said "Don't try to shade this one way or the other, thinking you are helping the President, because the best thing to do is just get the whole truth out." I said, "It might even be helpful to the President, not hurtful, if he is generally supported this from the start", or words to that effect.

Mr. **Nields**. Did you tell him in words or substance that if the President had approved the Israeli transactions before they occurred, even if he didn't do it in writing, that that might actually solve the legal problem?

Attorney General **Meese**. No, I don't think I went into that much detail. I think it was just very briefly to the effect that if the President had approved or supported this earlier rather than later it might be helpful rather than hurtful. My main purpose there was to do what I had done actually at the commencement of my conversation with him, and which I did with I think virtually everyone that I talked to, and that was to say "Let's not try to think about what the outcome of this is going to be, what we need", and I am referring now to the notes, "We need the facts and the total chronology," and I encouraged each person to be sure they didn't try to think they were trying to protect somebody or do anything other than get all the facts out and to be sure to tell the truth.

Mr. **Nields**. Exhibit 41 is a message that is neither from nor to you, and you would have had no reason to have seen it. It is a message from Mr. McFarlane to Mr. Poindexter later on in the same day after his interview with you, and in the first paragraph he makes a reference to his interview with you.

In the second paragraph, he says: "But it appears that the matter of not notifying about the Israeli transfers can be covered if the President made a 'mental Finding' before the transfers took place. Well, on that score, we ought to be okay because he was all for letting the Israelis do anything they wanted at the very first briefing in the hospital. Ed seemed relieved at that."

My questions are simply does that refresh your memory in any way at all on the following two points: do you recall using the phrase "mental Finding"?

Attorney General **Meese**. I am sure that I never used the phrase "mental Finding." This is the first time—I have seen documents similar to this in preparation for these immediate hearings, but the term, "mental Finding," is not one that I can ever recall using or that I would have used.

Mr. **Nields**. Do you recall expressing relief at the idea that the President might have approved these transactions in advance, thereby improving the legal posture?

Attorney General **Meese**. No, I don't think that anything I said would have—that I would have characterized it as expressing relief but rather just approximately what I did say to you earlier.

Mr. **Nields**. Now, the second witness on your list was Secretary Shultz.

Attorney General **Meese**. Yes.

Mr. **Nields**. And you interviewed him, I take it, the following morning, that is Saturday morning early, at 8:00 o'clock?

Attorney General **Meese**. That is correct.

Mr. **Nields**. Was that at his office or yours?

Attorney General **Meese**. That was in his office. He had called me the night before. I believe he had been out of town and got back and said, "I understand that you would like to talk with me." He had heard about this from someone, perhaps Admiral Poindexter or somebody, and said that he would be available the next morning, whatever time I wanted, and we agreed upon 8:00 o'clock at his office.

Mr. **Nields**. Now, during that interview, did the Secretary of State personally inform you that he had been told by Mr. McFarlane in 1985 that HAWK missiles were being shipped?

Attorney General **Meese**. I believe he did. And I am going to refresh my recollection from the notes of that meeting.

Again, I am referring to notes that were taken by Mr. Cooper. This took place on the 22d of November. Present were myself, George Shultz, a gentleman by the name of Charles Hill, I believe it's Charles, Mr. Hill anyway from the State Department, and Charles Cooper.

And I asked him about the November HAWK episode, and he said that during the—and again, I am referring now to the notes. I don't know, do you have these notes as an exhibit?

Mr. **Nields**. These are not an exhibit at such.

Attorney General **Meese**. These are the notes I am referring to of the conversation, and he said that during the Geneva Summit after the second day's meeting, he thought it was on the 18th, Mr. McFarlane came to George Shultz's hotel and said that a complex deal was underway, that there was a shipment of arms, he may have said HAWKs, according to Mr. Shultz, would go to Iran on the assumption that hostages would be released. The Iranians would know what was on board the plane.

And then Mr. Hill said: "McFarlane said the plane would go from Israel to Lisbon. If the hostages were released, it would go to Iran. If not, it would go back to Israel, and that we would be advised through Turkey that hostages, that the hostages were released."

Do you want me to continue with the conversation?

Mr. **Nields**. I think that is enough, Mr. Attorney General, thank you.

I take it now that you did have conflicting versions at this point of which you had personal knowledge?

Attorney General **Meese**. We had certainly conflicting recollections of what had occurred.

Mr. **Nields**. And you also had heard Colonel North's version 2 days earlier and you had heard from Mr. McFarlane that indeed North had been the active participant and indeed Mr. McFarlane had received some of his information from Colonel North. His version also conflicted with Secretary Shultz.

Did it occur to you at that point in time that you might be dealing with something other than confusion?

Attorney General **Meese**. No, it really didn't because each of these people had been very straightforward in what they told and again as I said with Mr. McFarlane I remembered that he was at the summit with the President and this was a year later so it was not unusual that he had a different recollection.

I thought that probably George Shultz was—perhaps had the best recollection of what he had learned between the two of them, between he and Mr. McFarlane because there had been notes taken at the time, not contemporaneously, but afterwards he had given the information to Mr. Hill.

I also know that George Shultz had been very much concerned about it because he told me that he had said to Mr. McFarlane it was a very bad idea; he didn't think it would work.

He said he was being consulted not for approval, and then he also said that he thought it didn't happen because no hostages were released and he said he had been told around Thanksgiving that it hadn't worked out and that the whole thing had shut down.

He said that he had breathed a sigh of relief.

Mr. **Nields**. Did Secretary Shultz during that conversation make reference to a concern he had about the involvement of Southern Air Transport and the fact that it was involved in both the Iran and the Contra matter that had hit the press recently?

Attorney General **Meese**. I don't have any recollection that he did. I don't think he did. I certainly see nothing in here that he did, and I don't know why he would because Southern Air Transport wasn't involved at all in this shipment of HAWKs in November of 1985.

I learned that from other sources, but it was not involved.

Mr. **Nields**. Following your interview with Secretary Shultz, I take it you returned to the Justice Department and met with your team of attorneys?

Attorney General **Meese**. Yes.

Mr. **Nields**. And then you dispatched Messrs. Richardson and Reynolds to review documents at the White House?

Attorney General **Meese**. That is correct.

Mr. **Nields**. And you then had an interview with Judge Sporkin?

Attorney General **Meese**. That is correct.

Mr. **Nields**. What was the reason for selecting Judge Sporkin?

Attorney General **Meese**. I believe that he was available. I think we may have tried to get other people, because I know I was interested in getting to Colonel North, but I do believe that we called Judge Sporkin, now Judge Sporkin, then I guess he was a judge then—in any event, we got hold of Judge Sporkin and he said he was available and would come down.

I don't remember whether we tried to get anyone else. If I look at exhibit 42——

Mr. **Nields**. I haven't made my question clear. I wasn't asking why did you take him out of order on your list, but rather why did you put him on your list in the first place? What did he have to do with this transaction to your knowlede?

Attorney General **Meese**. He had been the general counsel at CIA during the time that this all took place, these transactions, particularly in November, and somewhere we had learned—and it may have been Thursday afternoon or it may have been subsequent to that—we had learned that there had been a discussion at CIA about a Finding or whether there should be a Finding made because of the very limited CIA participation.

I think it is important to note here that in November of 1985 the shipment of whatever it was, whatever it was known to be, oil-drilling equipment or what was actually HAWKs, was entirely an Israeli operation.

There was no involvement in the management or direction or source of weapons as far as the United States was concerned. It was the Israelis who asked us through the call from Mr. Rabin presumably and perhaps others to Colonel North—I mean to Mr. McFarlane, that they needed help with some minor aspects of it.

One item of help that McFarlane new about or had been told about was that they needed some help with Customs in Lisbon.

Later on, Colonel North apparently had been told that they needed help to find an airplane. There is a lot to that that we can talk about when we talk about Colonel North's testimony.

In any event, there was a tangential involvement or assistance by the United States. But even that, there were people at CIA in 1986, November 1986, felt that it would have been preferable to have a Finding and in any event the people who had been involved who had been assisting Colonel North at CIA were told to talk to Mr. Sporkin, so his name had come up and we asked him to come in and talk with us.

Mr. NIELDS. Did you have a copy of a proposed Finding in your possession at that time?

Attorney General MEESE. No, sir, I did not. I don't believe I have ever seen a proposed Finding in the sense of the one that we now know is related to the events occurring in November of 1985.

Chairman INOUYE. May I interrupt? There is a vote pending in the Senate at this time necessitating the absence of the Members.

Please proceed.

Mr. NIELDS. We don't need to go into a great amount of detail here, but let me ask you one question about your interview with Judge Sporkin. Did he tell you that he was aware at the time that munitions were involved?

Attorney General MEESE. Again, I am referring now to notes that Mr. Cooper took of that interview. He said that, and if I may, I will refresh my recollection from these notes—he said that Mr. McMahon, who at that time was the Deputy Director of Central Intelligence "around November or December of 1985 sent to Sporkin two guys from operations," I am reading verbatim, "who he couldn't remember who they were, who reported that there was an arms shipment and transportation.

"They told him of an arms shipment and transportation being involved. Sporkin said they would need a Finding and he drafted one and told McMahon that it should be used."

Mr. NIELDS. I think that is enough.

Attorney General MEESE. There is one other point I think that probably is relevant and that is, he had in it something that would purport to ratify anything that already be done, which I think is important in that it was done after the fact.

Mr. NIELDS. Now——

Attorney General MEESE. Excuse me—if I could just add one thing, because I see it in the notes I think it is important to show the state of Mr. Sporkin's knowledge—he says he thinks that what was done was something to facilitate an arms transfer, a planeload of some kind of arms going to he thinks Iran.

"He can't recall if Israel was involved." That was Mr. Sporkin's knowledge at the time.

Mr. NIELDS. So you now as of the time of your interview with Judge Sporkin had learned that Director Casey's general counsel had been aware of the fact that arms were shipped. Did it at that point occur to you that you might be dealing with something more than confusion?

Attorney General MEESE. No, because this was consistent with what we had learned on Thursday afternoon. There was no doubt on Thursday afternoon that this had been HAWK missiles shipped and what Mr. Sporkin said was that he learned about it after the fact and actually it confirmed some of the things we had heard earlier that somehow this had come to the attention of CIA after the actions had been done and it was at that time that Mr. McMahon, being concerned because arms were involved, asked the people who had worked on this to talk with the General Counsel.

There was still confusion in my mind at that point as to who had learned what, when, and that is why I added to my list of people here in addition to Mr. Sporkin, who was already on the list, operatives one and two, who I believe were people who may have had something to do with providing the information to Mr. Sporkin, and I think I also called around that time Mr. Casey asking if we could have the names of the people at CIA who were in any way involved.

Mr. Casey told me, and again, I have refreshed my recollection from a note on this, that he would make available the names of all the people who were at CIA headquarters, but if any of them were operating in the field, he would not make that available except on a one-by-one basis if they were actually necessary, which was apparently their normal procedure.

Mr. NIELDS. The two operatives you were interested in are the ones who had told Judge Sporkin what had been on the plane?

Attorney General MEESE. That is right.

Mr. NIELDS. I take it following your interview with Judge Sporkin you had lunch at the Old Ebbitt Grill?

Attorney General MEESE. Yes, that is correct.

Mr. NIELDS. And you there met up with the two lawyers who had been doing the document review at the White House, Messrs. Richardson and Reynolds?

Attorney General MEESE. That is correct. Mr. Cooper and I went over there first and they joined us a few minutes later.

Mr. NIELDS. And I take it they, at that time, during that lunch disclosed a document that they had found to you?

Attorney General MEESE. They talked about what they had done and said in the course of looking at the documents they had found a particular document that related to a possible plan or a plan that was laid out in the document that had to do with diversion of funds.

Mr. NIELDS. And when you say diversion, what did they tell you it was a diversion to?

Attorney General MEESE. I can't remember the exact words they used, but it was that there had been that funds which had been derived from the profits of the transfer of arms to Iran had been used for the Freedom Fighters in Nicaragua.

Mr. NIELDS. Following your lunch, I take it you returned to your office?

Attorney General MEESE. I returned to my office, yes, and they returned to the NSC office, NSC council staff offices.

Mr. NIELDS. Did you receive a telephone call from Colonel North?

Attorney General MEESE. I don't recall receiving a telephone call from Colonel North, although he may have been calling back. My recollection was that I called him, but he may have been calling back from a call I had left earlier that morning. That is possible.

Mr. NIELDS. In any event, at some point in time you attempted to reach him in order to schedule an interview and you did have a conversation with him either because you called him or because he called you after you returned from lunch?

Attorney General MEESE. I believe that is correct, yes.

Mr. NIELDS. Did you schedule an interview?

Attorney General MEESE. Yes, we scheduled a meeting for the following afternoon at 2 o'clock.

Mr. NIELDS. Very shortly thereafter, did you receive a telephone call from Director Casey?

Attorney General MEESE. Some time during the afternoon I received a call from Director Casey, yes. I think I may have talked with him earlier in the day, also.

Mr. NIELDS. You should have a set of appointment and phone logs. Do you see that in front of you?

Attorney General MEESE. Yes, it says "Edwin Meese, November 1986, appointments and phone calls."

Mr. NIELDS. Now, it will take you a minute to find, but it is in chronological order and I would like you to turn to a sheet of paper dated November 22d, Saturday, which appears to be in your handwriting.

Attorney General MEESE. I have something that says schedule for this, and there is a list that says telephone calls Saturday the 22d of November 1986. But it is not in my handwriting.

Mr. NIELDS. But I take it it relates to your telephone calls?

Attorney General MEESE. Yes, it appears to, and I believe it is probably in the handwriting of my confidential assistant, whose handwriting often is similar to mine.

Mr. NIELDS. Just looking at that, does that refresh your memory about the timing of your calls from Colonel North and Director Casey?

Attorney General MEESE. It says that "at 9:55 a.m., received a call from Bill Casey."

Mr. NIELDS. Take a look at the bottom too.

Attorney General MEESE. Then it says "at 3:40 received a call from Oliver North," "at 3:46 received a call from Bill Casey."

Mr. NIELDS. So Director Casey called you some 6 minutes after the origination of your conversation with Colonel North?

Attorney General MEESE. Yes.

Mr. **Nields**. And you then scheduled a meeting, I take it, with Director Casey at his home that evening?

Attorney General **Meese**. Mr. Casey said he had something he wanted to talk with me about. I said why don't I drop by on my way home this evening, since we live not very far apart. So we did that and I scheduled a meeting for—I said I would be by some time after five.

Mr. **Nields**. How long did you stay?

Attorney General **Meese**. Probably somewhere between a ½ hour and 45 minutes, something in that neighborhood, perhaps as long as an hour.

Mr. **Nields**. What did you discuss?

Attorney General **Meese**. Well, I had already talked to him about what I was doing at the President's request, and he told me that he wanted to tell me, because of what I was doing, that he had received information in October from a Mr. Roy Furmark, who was a friend of his or a business associate of his from his earlier days in New York.

Mr. **Nields**. What did the information—well, let me just ask it to you this way, did the information relate to diversion of funds to the Contras?

Attorney General **Meese**. No.

Mr. **Nields**. Not at all?

Attorney General **Meese**. No, not at all. The information was that Mr. Furmark had called him to say—and this was somewhere I think in the early part of October and that this was at a time when the whole Iranian initiative had not been made public, and Mr. Furmark had called to tell him that there were some, I believe, Canadians who had been middle-men in providing financing for the arms transactions and that they apparently provided in effect bridge funding, because the Iranians didn't want to put up the money until they got the weapons, and the CIA representatives working through the Israelis didn't want to turn over the weapons until they got the money, so somebody had to put up bridge funding, if you will, in order to make this thing go, and that these people were apparently putting up bridge funding, I believe dealing with the go-between, who I later learned was a Mr. Ghorbanifar—I may have known it at the time—and that the people who had been these financiers claimed that they had not been paid back all the money that was owed them, apparently they were putting it up for a short periods of time, like 30 days, and then were receiving a rather high premium or interest rate for their putting up the money and that they were threatening to go public with this if they did not get their money.

And Mr. Furmark felt—I believe Mr. Casey told me that Mr. Furmark felt that they were going to go public as a means of trying to get the United States to replace the funds that they felt they had not received.

In the course of that conversation, he said that they might even claim that the money that should have gone to them was used for other—I am not sure whether he told me this in so many words, but I later learned in other documents that Mr. Furmark had described it as going for United States and Israeli projects other than what was involved in the Iranian transfer.

Mr. **Nields**. I think you said a moment ago that you had already discussed with Director Casey what you were doing for the President. When did you have that discussion?

Attorney General **Meese**. I think I probably told him that on Friday night. I tried to reach each of the Cabinet members on Friday night that we would probably be talking to. Actually, in Mr. Casey's case, it was just so that they were all on notice. We already knew what he knew from the work that had been done on Thursday afternoon in the preparation of his testimony, but so that as I was asking these questions and talking to people, including people in CIA or former CIA people, they wouldn't hear about it for the first time from somebody else and would know what I was doing and why I was doing it.

Mr. **Nields**. Director Casey made this disclosure to you at his home?

Attorney General **Meese**. He told me about Mr. Furmark's conversation with him earlier, yes.

Mr. **Nields**. Concerning the possibility that funds from the Iranian arms sales may have gone to some other projects?

Attorney General **Meese**. That wasn't the disclosure. The disclosure was that Mr. Furmark had said that people were, in effect, trying to extort money from the U.S. Government by claiming that they would otherwise go public, and the claim of the money going to other projects was more or less incidental.

Mr. **Nields**. But you had just read a memorandum from Colonel North's files that contemplated money from the Iranian arms sales going to the Contras.

Did you mention that to Mr. Casey?

Attorney General **Meese**. No, I didn't, and for a very good reason. I felt that while this was some preliminary information we had gotten, I didn't know where it would go or what it involved until we talked to Colonel North—incidentally, I didn't know this came from Colonel North's files. It came from the documents that had been presented to us by the National Security Council staff, so I didn't know what the origin was.

But, in any event, I felt it was not appropriate to discuss this with anyone, even as good a friend as Mr. Casey, until after I found out what it was all about.

Mr. **Nields**. Without disclosing it to him, did you ask him about it?

Attorney General **Meese**. No, I did not ask him about it because that would have disclosed the knowledge that I had. And there was nothing in his conversation which would have led to it logically.

Mr. **Nields**. Well, he had raised the topic of someone extorting money from the U.S. Government by making a disclosure that funds from the Iranian arms sales had gone to other projects?

Attorney General **Meese**. No. What he said was that they were, in effect, trying to pressure the United States into paying them the money that they felt they were owed by saying that they would go public with this information, which would have of course then exploded, if you will, the Iranian initiative, and that they might even—I think Mr. Furmark had told him, if I recall correctly—and I'm not positive that he told me that night, but I think he did; I later found it out in some documents—that they had talked about money that should have gone to them being used for other Israeli or U.S. projects.

Mr. NIELDS. This was on the 22d of November?

Attorney General MEESE. Yes.

Mr. NIELDS. The President had had his press conference on the 19th?

Attorney General MEESE. Right.

Mr. NIELDS. Hadn't the President pretty much disclosed the Israeli—the Iranian initiative during his press conference of the 19th?

Attorney General MEESE. Yes, but what I'm saying is that Mr. Furmark, when he talked with Mr. Casey, had talked with him I think in early October when this was still a highly secret, sensitive matter, and it was at that time that they had threatened he said these people were threatening—Mr. Furmark was not involved—he said these other people, the Canadians as I think they were known to me at that time, were threatening to go public with this matter.

Mr. NIELDS. There was, as I understand what you have said, there was one thing that these people, if they went public, would disclose which had not yet been disclosed, which was that funds from the project had been used for other purposes.

You had just heard a similar—you had read a similar thing in an NSC document. Didn't that logically—didn't the two logically relate? And I guess my question is why didn't you mention to Director Casey the information that you had on this subject.

Attorney General MEESE. Well, because I only had very scant information, which was a memorandum, which we didn't know whether this had ever been followed, what had happened to it, and I felt it was appropriate not to talk with anyone about that until we had pursued that memorandum, and the logical person to pursue it with was Colonel North, as in fact happened the next day.

Mr. NIELDS. Did you ask Director Casey, when he told you that there was this threatened disclosure of funds being used for other purposes, did you ask him is that true, were funds used for any other purposes, to your knowledge?

Attorney General MEESE. Yes—well, I don't know that I asked him that. It was a minor part of what—the real thing was the disclosure making this whole thing public, and in effect blowing the Iranian initiative.

What the funds were used for, as Mr. Casey reported to me, was a minor part of what Mr. Furmark had told him. But he also told me, and I believe it was that night, that he had talked to Admiral Poindexter about this and Admiral Poindexter assured him there was nothing to it and that nothing wrong had happened in regard to the funds.

Mr. NIELDS. Now, I understand from what you are saying that what was on Director Casey's mind was the threatened lawsuit or the threatened going public.

Attorney General MEESE. That's right. I believe he did mention that they were threatening a lawsuit.

Mr. NIELDS. I take it at least one of the things that must have been on your mind at the time was the diversion information that you had learned at lunch that day. And my question is, I gather you were attempting to do a full factfinding investigation, and why didn't you ask—why didn't you take the opportunity to ask Director Casey what he knew about any use of arms sales proceeds for other purposes?

Attorney General **Meese**. Well, as a matter of fact, he told me that he had talked to Admiral Poindexter about this—I believe it was at that time that he told me this—and that Admiral Poindexter had told him that nothing wrong had been done and that there was nothing to this.

In any event, the two did not seem to be directly related, particularly as he told me that this was something that was just a threat and that Furmark had portrayed it to him not as though they had any knowledge of anything, but that this was a threat that they were going to use to try to get the money from the United States.

Obviously I marked it in my mind as a matter to refer to later on, depending on what we found out from Colonel North the next day, and would have done so had that opportunity presented itself.

Mr. **Nields**. When you spoke to Colonel North in the afternoon to schedule his interview the following day, did you mention to him the new subject on which you wished to question him?

Attorney General **Meese**. Absolutely not. As a matter of fact, I asked him really to meet with us in the morning, because we were trying to meet with him on Sunday morning. He said that was the only chance he got to go to church with his family and would we mind if we made it in the afternoon; I said that would be all right with me.

So we settled on 2:00 in the afternoon.

Mr. **Nields**. Mr. McFarlane has told the committee that he met with Colonel North on Sunday morning prior to his interview with you and that Colonel North was unhappy because he felt that there was a record of the diversion.

And I guess my question to you is, can you think of any way that he might have learned of the discovery of the record of the diversion?

Attorney General **Meese**. No, I know of no way he could have, and I doubt—I would personally be very surprised if he had learned about it because when we presented him with the memo that afternoon, Sunday afternoon, he certainly seemed surprised.

Mr. **Nields**. I was going to ask you about that. He seems like a fellow who is pretty cool under fire. Everyone has told the committee that he exhibited clear surprise when the document was shown him.

Would you describe how he exhibited this surprise?

Attorney General **Meese**. Well, I'm not sure I can describe it except to say that he was obviously—I would describe him as being shocked that we had the memorandum and that we were raising this issue with him.

Mr. **Nields**. Was this in words, was this a facial expression?

Attorney General **Meese**. I think it was a combination of words and facial expression, primarily facial expression and body language, if you will.

Mr. **Nields**. Well, I guess we are on the subject of that interview, and I have a number of questions about it.

I take it it occurred at 2:00 on Sunday afternoon, the 23d?

Attorney General MEESE. Yes. Again I'm referring to notes of that. I believe you have notes as one of your exhibits, do you not?

Mr. NIELDS. Exhibit 47.

Attorney General MEESE. And I will refer to your exhibit 47, and use my copy of the notes which again are a little easier to handle. Yes we met actually at 2:13 p.m. on Sunday the 22d of November: Colonel North, myself, Mr. Reynolds, Mr. Cooper, and Mr. Richardson. And what part of the interview do you want me to talk about?

Mr. NIELDS. There are a number of different subjects and what I would like to do is take them in order.

Attorney General MEESE. All right.

Mr. NIELDS. I take it that when you originally started this weekend inquiry, the issue, the principal issue on the table was this business of the HAWK missiles and the oil-drilling equipment.

Now, you had heard one version from Colonel North on Thursday the 20th. What did he tell you on that subject on the 23d?

Attorney General MEESE. Perhaps it might be better if I gave you the interview just as it happened. I don't want to prolong this.

Mr. NIELDS. It is going to be a very long—this is 30 pages of handwritten notes, Mr. Attorney General, and if you read them all, we are going to be here a long time.

What I would like to do is on this subject, because there are a lot of notes on it, is ask you whether you have a recollection of what he told you about his state of knowledge and then if there are particular parts of the notes that would be helpful, I will refer you to them.

Attorney General MEESE. All right.

I cannot recall in sufficient detail to answer those questions. I can when my recollection is refreshed by the notes; the only thing I wanted to say as a preface to this was that he mentioned to us that he had discussed with Mr. McFarlane the philosophy of—rather that—excuse me, I am recalling it from notes here.

He said, first of all, that he was totally unwitting of the 508 TOWs until after the fact, that he did not know that. And in answer to your specific question, he said that Bud McFarlane had called him as to this shipment in November 1985, which you are referring to now, I believe.

He said that the call was from Geneva. He said that Bud told him that Rabin had a problem, he needed to move something around. He said that he had discussed with McFarlane the philosophy of Israeli's helping moving something to Iran, and I presume it is in that phone call.

He said that as a result he called Mr. Rabin back and that they wanted him to send a man to help with a big problem relating to a port.

I believe that was the Lisbon situation. And he said, and that Rabin told him, we want to move some things that would support what you want to do.

And he said that Rabin's assistant told him that they were moving items which would support the rapprochement with Iran.

Mr. North told us at that time that he got in touch with Richard Secord who was an international businessman, and that he had Mr. Secord go to see the person in Lisbon. He said that Rabin had told him that it was oil-related equipment.

He said that he had several more conversations with Bud McFarlane, that he encouraged him to call the port officials and he thinks he did.

He said that the Israelis aborted the move, this initial shipment. He then went on to say that Mr. Secord went to Tel Aviv pursuant to an Israeli request.

It was clear to him that this was a high-priority shipment.

You want me to go on with his narrative of this event?

Mr. NIELDS. Well, I think you only have to go on a couple of more lines, and I will ask you, you don't have to read it, I will simply ask you whether it isn't the case that Colonel North told you that Mr. Secord was sent to Israel, to Tel Aviv, and that after he got there he learned that the shipment was HAWK missiles and that that is how Colonel North found out they were HAWK missiles?

Attorney General MEESE. That is correct. He did that apparently after he had called the CIA and got the name of a proprietary airline.

Mr. NIELDS. So that Colonel North's version of the facts during this interview was that he had originally been told it was oil-drilling equipment by Mr. Rabin and that he found out that the shipment had been HAWK missiles after Mr. Secord went to Tel Aviv—

Attorney General MEESE. That's right.

Mr. NIELDS. —which, as we have heard previously in these hearings, was a number of days after Mr. Secord had first been sent over and indeed after the missiles had actually been shipped.

Attorney General MEESE. That's correct. So that that was sometime after the whole transaction had taken place.

Mr. NIELDS. Now, the second topic I want to ask you about is the topic of diversion, and my first question is: Would it be correct to assume that prior to your interview you had studied the document that Mr. Reynolds had found in NSC files?

Attorney General MEESE. Yes, I had.

Mr. NIELDS. And did you ask Colonel North, among other things—well, I guess maybe I should say first, did you verify from him that a diversion had in fact occurred, not only had been planned but had occurred?

Attorney General MEESE. Well, I did ultimately. But what I did really was to take him through all of his knowledge of the transactions, or lack of knowledge of the transactions, that had occurred in 1985 and 1986 and exhausted what his information on everything without any mention of the diversion, so that I would get, without letting him know that we knew of that, all the information that we could about what he knew about the matters pertaining to what we might call the conventional aspects of the Iranian initiative.

And we did that and, as you say, it goes on for several pages, meetings in London, the fact that he felt that the November operation was a mess, that he felt that if he got involved they could do it right, and that for that reason he did get involved, particularly early the following January, the events that I knew about in the meeting with the President, the events that led up to the meeting with the President, and so on—talked about the Finding that had been developed in the work in early January—he said that work started in mid-December—and talked about the entire thing through meetings with Sporkin and Casey and others, preparatory to the meeting with the President on the 7th.

Then there was more discussion of the HAWK missile shipment in November of 1985.

Mr. NIELDS. Then I take it you eventually addressed the topic of diversion.

Attorney General MEESE. Well then we also talked about Mr. Ledeen.

We really tried to get everything that he knew. And then talked about the return of the HAWKs. And then after what is recorded here as 12 pages of information that we got on all the other aspects of it, then I asked him about the memo.

I showed him the memo and asked him if it was something he prepared.

Mr. NIELDS. I don't want to skip over things, but I think the only thing we need for our present purposes, since we have these notes, is—I take it it's correct that he verified there had been some diversion of funds to the Contras.

Attorney General MEESE. Well, what he did, I showed him the memo and then he went into a reference to the original shipments and so on, and then he acknowledged the fact that there was a diversion of funds, yes, and that—he said that— I'm trying to find the spot here where I mentioned to him—I said, now this memo—he had talked a lot about the relationship with Israel and all that sort of thing, and he said that the Israelis were interested in helping us, and then he said—I got him back to talk about the memo and I said it appears to be written between the 4th and the 7th of April and it mentions the use of money that was transferred.

And he said yes, that as a part of transfers that had taken place—and I have here the date of the 16th of May—money was deposited to the Israeli account and that some of this money was used for Israeli replacements, and he said that there was $12 million in residual funds that went to the Nicaraguan Resistance.

Mr. NIELDS. Did you ask him who knew——

Attorney General MEESE. Yes.

Mr. NIELDS. —that funds had been diverted to the Resistance?

Attorney General MEESE. Yes, I asked him, and as the notes—there is a lot more about how this all came about. But I said was this ever discussed with the President, and he said not as far as he knew, not with North.

And I said was it discussed with Poindexter, and he said he was the point of contact with the President, and he described Poindexter apparently—that he was the point of contact with the President and that that's why he would not—he, North—would not have discussed it with the President.

He said Fortier was involved, too, because he became the principal deputy, and then I said—or at least in the course of this I said who else knows.

In the course of this discussion, and the notes show it, he would wander off into other topics, or at least the conversation, the discussion wandered off into other topics about the amount of money, who got them, how it was handled, and I said how much more is there to it? And I said, who else is involved, Mr. McFarlane or Poindexter? He said that he had told McFarlane in April or May of 1986 that there were—and then he said very clearly—there were only three who could know in the United States, meaning the U.S. Government, and that was: McFarlane, Poindexter, and North.

Mr. NIELDS. Did he tell you whether Director Casey knew?

Attorney General MEESE. He said again there were only three who knew. I didn't ask him specifically about Casey or anybody else. I said, "Who knew?" And he said, "There were only three who could know in the United States, and that was McFarlane, Poindexter, and North."

Mr. NIELDS. Let me turn the question around: Did he tell you that Director Casey knew?

Attorney General MEESE. Absolutely not.

Mr. NIELDS. Now, the next topic I want to ask you about is what he told you on the subject of flow of funds involved in the diversion, and I think you should turn to page 12, and then you will want to come back to page 16 of these notes. And in the middle of page 12, it says "Money moved to CIA account," and then there is "Iranians" with an arrow, "Israelis," and then an arrow, "CIA account," then an arrow, "Army".

Attorney General MEESE. This was our discussion before he had any knowledge that we had the memo, and he was discussing the general flow of money as a part of what I have described as the conventional aspects of the Iranian initiative, and he said the money moved to a CIA account, and then he went into it in more detail.

He said the Iranians gave the money to the Israelis, the Israelis put the money in CIA accounts, and the CIA, in turn, reimbursed the Army for the original purchases.

Mr. NIELDS. So even prior to the time that you had shown him during the interview this memo, he was already telling you that the money went directly from the Israelis to the CIA account, and he completely leaves out Secord and Hakim's account, private enterprise, or anything of this sort.

Attorney General MEESE. That is correct. As a matter of fact, I didn't learn about any of those aspects of it until much later.

Mr. NIELDS. Now, then, if you will turn to page 16, about two-thirds of the way down, it says: "Israeli offer," and then there is an arrow to Calero, then another arrow, "Open three accounts in Switz, Switz," and then it says, "and gave numbers to Israelis," and then there is another dash, "Dollars to accounts."

Attorney General MEESE. Right.

Mr. NIELDS. What is he telling you there?

Attorney General MEESE. He is saying there, you have to go back a few lines above that when he says this was an Israeli idea. They wanted to be heldful. He said they wanted to be helpful in regard to the Contras. And he said he guessed the money got to them from this. He said the Contras knew the money came, in effect, from Israel and appreciated it.

And then he said that Israel, the Israelis, made an offer through North to Calero, Calero being a representative of the Democratic Resistance Forces, and that Calero would open three accounts in Switzerland, and that then North gave the numbers of those accounts to the Israelis and that the Israelis deposited the money to those accounts. He then said that the CIA had no knowledge of this.

Mr. NIELDS. I take it, I just want to make this clear now, because it is important: did Colonel North tell you during that interview that the money had gone directly from the Israelis to Contra accounts?

Attorney General MEESE. Yes, sir, he did.

Mr. NIELDS. Now, that was different from what you had learned from reading the memorandum, the so-called diversion memorandum. Isn't that true?

Attorney General MEESE. If I could, I would like to have you refer me to that exhibit so I can refresh my recollection.

Mr. NIELDS. Yes. It is exhibit number 44. And the relevant part of it is at the bottom of page 2.

Attorney General MEESE. I read here, if I am reading the right place, it says "By Monday, the 7th of April, the Iranian Government will transfer $17 million to an Israeli account in Switzerland, the Israelis will in turn transfer to a private U.S. corporation account in Switzerland the sum of $15 million, and then on Tuesday, April 8, or as soon as the transactions are verified, the private U.S. corporation will transfer $3.65 million to a CIA account in Switzerland, CIA will then transfer this sum to a covert Department of the Army account in the United States."

It goes on to say "on Wednesday, April 9, the CIA will commence procuring——"

Mr. NIELDS. You don't need to read further. The part of it that I have reference to is the $15 million going to a private U.S. corporation account.

Attorney General MEESE. Right.

Mr. NIELDS. And then if you read the next paragraph, it shows $3 million going to the CIA for a difference of something under $12 million.

Attorney General MEESE. Right.

Mr. NIELDS. And then on page 5 it states that the residual funds, including $12 million, will go to the Contras. So I take it it is correct that this document shows the diversion, so to speak, coming out of a U.S. corporation account.

Attorney General MEESE. That is correct.

Mr. NIELDS. Now, my next question is: Didn't you ask Colonel North about the flow of funds reflected in the diversion document during your interview?

Attorney General MEESE. No, we let him tell it exactly as he was telling it. He had the document, we showed him the document, I don't think he read it carefully. I think he knew the document.

Mr. NIELDS. Then I would like you to turn to page 17 of the North interview.

Attorney General MEESE. Oh, yes, excuse me, yes, we did ask him because—it says Iranians to Israel to an account corporation, to the CIA account.

Mr. NIELDS. So there is a reference right there to the corporation account.

Attorney General MEESE. Right.

Mr. NIELDS. Now, what did he tell you about that?

Attorney General **Meese**. I don't recall that he said, I don't recall anything that he told us about that account other than it was an account of a corporation. I think my own view was that it was probably a blind account for the CIA, or at least a blind account of some sort.

Mr. **Nields**. Well, this is important, so I don't want to jump over it. The document indicates that the $15 million went into this corporation account.

Attorney General **Meese**. Right.

Mr. **Nields**. And that the moneys coming out of the corporation account were the ones going to the Contras.

Attorney General **Meese**. That is correct.

Mr. **Nields**. Now, did North confirm that or deny it during this interview?

Attorney General **Meese**. No, I think he confirmed that the money did go to an account of a corporation. He didn't go into any of the details about it, but I see from the notes here, I don't have an independent recollection, but he did say, apparently from this, that it did go to the account of a corporation.

Mr. **Nields**. All right. We will come back to this in a moment. There is one other topic that I would like to ask you about coming out of these notes, and it is on page 19. And I guess we ought to start at the bottom of page 18 of the notes.

And there it is written, question, "What else like Nicaraguan angle?" And I take it somebody, either you or someone else, wants to know if there are any other troublesome aspects that you haven't heard about yet.

Attorney General **Meese**. Or any other diversions like the Nicaraguan situation. And his answer was nothing.

Mr. **Nields**. It is nothing, but then on the top of the next page the note-taker has written down, apparently coming from Colonel North, "If this doesn't come out, only other is November HAWKs deal."

Now, did Colonel North suggest to you during the interview that you keep the diversion information from coming out?

Attorney General **Meese**. I don't know. I don't recall that he did. It is entirely possible that he did say that we shouldn't let this come out, but I can't actually recall that independently, and I don't see anything in the notes here that say that.

Mr. **Nields**. Did you make a response to it?

Attorney General **Meese**. I am sure I didn't.

Mr. **Nields**. Now, during this interview, if I understand your testimony, Colonel North told you in effect that Casey did not know of the diversion?

Attorney General **Meese**. That is correct.

Mr. **Nields**. Now——

Attorney General **Meese**. As a matter of fact, that seems to be indicated again, because there was a note here again on page 17, it says, "No other U.S. official involved, just McFarlane and Poindexter are knowledgeable."

Mr. **Nields**. Now, according to Colonel North's testimony before this committee, that was false. He told you that the money was funneled into three Contra accounts in Switzerland.

Attorney General **Meese**. Yes.

Mr. **Nields**. According to information the committee has, that was also false. He told you that Defense Minister Rabin had told him that oil-drilling equipment was to be shipped in November of 1985. According to his testimony here before this committee, that was also false.

Now, my question to you is: Following his interview, did you believe the representations that he had made? Did you accept them as true, or did you have questions about them?

Attorney General **Meese**. I accepted them as true and had no reason to believe otherwise. He had been very forthcoming in response to what we had asked him and had laid out the whole scheme that was basically consistent with the memorandum that we have.

Mr. **Nields**. Will you describe his demeanor during the interview?

Attorney General **Meese**. Obviously he was a little more concerned and upset, I would say, because we had the memo, and that was a source of concern to him because, in effect, what had gone on there was something he didn't realize anyone else knew, and it was a highly sensitive thing from his standpoint because it had to do with his efforts to get funds to the Nicaraguan Democratic Resistance, and so I think that my view was he was mostly concerned because if this got out this would impede his efforts to help the Democratic Resistance in Nicaragua.

Mr. **Nields**. In answering your questions, did he do so in a forthright manner?

Attorney General **Meese**. Yes. He was basically forthright, and I didn't think, he certainly did not appear to be concealing anything.

Mr. **Nields**. Now, at the end of your interview, you now confirmed the diversion. At that point in time did you believe that you were dealing with something other than confusion, something serious?

Attorney General **Meese**. Yes, very definitely, in that there was a whole new aspect of this situation.

Mr. **Nields**. Did you regard it at that point in time as now a matter proper for criminal experts?

Attorney General **Meese**. No. There was no—at that point we still hadn't figured out whether there was any criminality involved, whether this was an authorized activity, whether anyone else knew.

There was a possibility certainly down the line that there might be criminal aspects, but certainly what happened had happened per se there—there was no obvious criminality at that point.

Mr. **Nields**. Again, I must ask you this question because the committee has information that there may have been some more shredding between that time and the time when it was finally referred to the criminal division. Did you give any consideration at that time either to referring it to your criminal division or independently taking some steps to secure files?

Attorney General **Meese**. No, I don't believe anybody did give any consideration to that at that time. I think there were various reasons. One is that there was no hint to us of any destruction of documents.

Secondly, we had all the documents, because we had been given access to all the documents to our knowledge at the National Security Council staff offices. And Colonel North had been very forthright and forthcoming in his answers.

So that there was nothing that at that point would have given us a hint. I must say it is always easy some 8 months later to look back, and it certainly looks a lot different to us now than it did then but at that time there was nothing that did give us that hint.

Mr. NIELDS. Now——

Chairman INOUYE. Mr. Nields, is this a good time to break?

Mr. NIELDS. Yes.

Attorney General MEESE. Mr. Chairman, if I could make one statement so that the chair knows, we do have an unusual situation tomorrow morning with the memorial service for Mr. Baldrige, which I think many members and myself will be attending.

In order to comply with the schedule the committee has set for my testimony to take place these 2 days, I wanted you to know I will be ready to appear here at any time today or tomorrow as early or as late as the committee wishes to go so we can complete this by sometime tomorrow evening.

Chairman INOUYE. We appreciate this very much. At the present time we would like to schedule you tomorrow at 12:30. Will that be all right?

Attorney General MEESE. That will be fine. I will be happy to be here.

Chairman INOUYE. The panel will stand in recess until 2:00 p.m.

[Whereupon, the Select Committees recessed, to reconvene at 2:00 p.m., the same day.]

AFTERNOON SESSION

The Select Committees met, pursuant to recess, at 2:00 p.m., in room 325, Russell Senate Office Building, Hon. Daniel K. Inouye (chairman of the Senate Select Committee) and Hon. Lee H. Hamilton (chairman of the House Select Committee) presiding.

Chairman INOUYE. The hearing will please come to order.

Mr. Nields will resume the questioning.

Mr. Nields?

Mr. NIELDS. Thank you, Mr. Chairman.

Good afternoon, Mr. Attorney General.

Attorney General MEESE. Good afternoon.

Mr. NIELDS. This morning I think you testified that Colonel North showed surprise when you disclosed the so-called diversion memorandum to him.

Now, I take it he had written the memorandum.

Attorney General MEESE. If I may, I will just take a moment so that I can find those notes again and be sure——

Mr. NIELDS. It is exhibit 44 and should be in the big book to your left. I am not going to ask any questions particularly about that memorandum, just about Colonel North's reaction to being shown it.

Attorney General MEESE. The reason that I raise the question is that I am not sure that he did in fact admit to us that he had written the memorandum.

I might say also, counsel, as part of your question I ought to clarify something I mentioned this morning. The shock and surprise actually did not come when we originally presented the memorandum itself, but at the point where he got in the memorandum to the explanation of the diversion process.

There was some lead-on material up until that point and it was not until he got to the second page and saw what was contained therein which related to the diversion scheme that he actually showed the shock and surprise.

Mr. NIELDS. Maybe I can shorten this.

Attorney General MEESE. I can't remember precisely whether he said that he had written the memo or whether he indicated that he was not sure. I said—I said is it something you prepared with Terms of Reference dated April 1986 and then it had reference to the 13th of September and so on.

And I am not sure whether we ever did actually get him to state that he did prepare the memorandum.

I will see if I can find that later on and try to see if I can find that in the notes. But I certainly know that it ultimately was established that this had come from files to which he had access, and I believe he may have indicated to us he had prepared it.

Mr. NIELDS. And he was certainly familiar with the information in it dealing with the diversion?

Attorney General MEESE. Yes.

Mr. NIELDS. So that the surprise wasn't at the information, he was already familiar with the information?

Attorney General MEESE. The surprise was, without any question, that we had the copy of the memorandum that had that information in it.

Mr. NIELDS. The memorandum that had that information in it was something within the scope of your request for information relevant to the Iranian arms initiative; isn't that correct?

Attorney General MEESE. That is correct. We asked for any documents relating to the Iranian initiative.

Mr. NIELDS. How then did you understand—did you interpret his surprise that you had a memorandum referring to the diversion which was well within the scope of your request?

Attorney General MEESE. Just that he was in fact surprised and didn't realize that we had it.

Mr. NIELDS. Well, let me ask the question in a slightly more leading way perhaps.

Did you understand that he had not intended for you to see that document?

Attorney General MEESE. I don't know whether he intended for us to see it or not. He certainly was surprised that we had seen it or appeared to be.

Mr. NIELDS. Did that raise in your mind the possibility that Colonel North had or would try to select the documents which would be made available to you and your people?

Attorney General MEESE. I didn't really have any basis on which to make a judgment like that. We had asked Admiral Poindexter to have all the documents pertaining to the Iranian initiative made available.

Our contact had been originally with Commander Thompson in this regard to me and to our people who had been there. There had been no hesitancy or reluctance in giving information to us.

As a matter of fact, when as they were perusing some of the material they thought that there might be some additional material that might not be there, they made a request and that additional material was produced.

Mr. NIELDS. But now something new had happened which was that Colonel North had expressed shock that you would have a relevant document, and my question is did that raise in your mind a suspicion that Colonel North either had or would prevent you from getting access to other relevant information?

Attorney General MEESE. I don't know whether he was surprised that this document was still around or what the basis of his shock was. All I can tell you is he was surprised. We felt that at that point by the time we had talked with him and that was the reason for our going through the day Saturday before talking to Colonel North, was to be sure we had all the documents that were present at the NSC staff office, and it was our belief at that time that we did.

Mr. NIELDS. Were you ever made aware on Friday, the 21st or at any time over the weekend, that the head of the Department's Criminal Division had expressed a desire to have this investigation handled by his division?

Attorney General MEESE. No, I don't believe I was. As a matter of fact, I have talked with him and he has indicated to me that he never was of a desire to have this investigation that I am talking about handled by his Criminal Division.

Quite the contrary, he indicated that his interests had to do with something totally different, which was the investigations that were going on in connection with New York's smuggling activities and that sort of thing.

Mr. NIELDS. Do you recall having a conversation with him on Monday the 24th in which you told him that the decision not to use the Criminal Division had been a deliberate one, not an inadvertent one?

Attorney General MEESE. Yes. I don't have a recollection of the discussion, but I believe I did call him on Monday, and indicate that to him.

Mr. NIELDS. What did you have in mind in telling him it wasn't inadvertent?

Attorney General MEESE. I can't recall, frankly, because I don't recall the conversation, but there may have been some indication to me that shouldn't we let Bill Weld know that the Criminal Division isn't being cut out of this or something to that effect.

And of course, they weren't. I indicated to him that at an appropriate time—I don't recall the exact conversation, but my intention was that at an appropriate time if there was any indication of criminality that we would bring him into it, and in fact that was what happened.

Mr. NIELDS. I take once again as of the finish of your interview with Colonel North on Sunday, you still did not regard this as a fitting subject for investigation?

Attorney General **Meese**. Not at that point, but we still had much to do yet. We had to talk with people, including Admiral Poindexter. We had to talk with others in the White House to be sure that it had not been authorized and we had a number of things yet to be done.

Mr. **Nields**. Let's turn to them.

On Monday, did you have a second interview with Mr. McFarlane?

Attorney General **Meese**. Mr. McFarlane came in on Monday and we did have a further interview primarily to discuss with him what we had learned on Sunday and to find out what he might know about it.

Mr. **Nields**. Did you ask him whether he had been aware of the diversion?

Attorney General **Meese**. Yes, I did.

Mr. **Nields**. And what was his response?

Attorney General **Meese**. And I would like to look at the notes here, but I think my recollection is that he indicated that he had become aware of it in April or May of 1986, when he was preparing to or was actually on a trip to Tehran, after he had returned from civilian life to take on a special assignment and that at that time he was told more or less in passing by Colonel North about the diversion program, and he was given to believe at that time that it had been authorized.

If you will permit me just a moment, I will see if I can find my notes and confirm that that is—that my recollection is correct.

Actually, I don't think there are any notes of that particular conversation, but I believe my recollection is correct.

Mr. **Nields**. Did you ask Mr. McFarlane who else knew of the diversion?

Attorney General **Meese**. I asked him what he knew about it, and I believe the only things that he told me were that he knew, of course from Colonel North that Admiral Poindexter he believed knew and that that was all that he knew who might have any knowledge of it.

Mr. **Nields**. Did you ask him why he hadn't disclosed the diversion to you in your earlier interview?

Attorney General **Meese**. I don't recall whether I did or not. It was a very hurried conversation with him. He got there late, and I was on my way to a meeting with the President at the White House so there was not an awful lot of time to talk with him.

Mr. **Nields**. What happened when you met with the President at the White House?

Attorney General **Meese**. I met with the President at about 11:00 o'clock or I guess a few minutes after 11:00. I believe he was running slightly late or perhaps I was. In any event, I met with him and with Don Regan. We did not have Admiral Poindexter with us at this time, and I related to them what we had found over the weekend in my interview with Colonel North, that we had found evidence of a diversion of funds from the Iranian initiative to the Freedom Fighters in Nicaragua and then related generally what we had found out in fairly brief form.

And the President was quite surprised and indicated he had not known anything of this and I believe Don Regan said at that time or at least indicated that he was surprised. As I went into this, the President was interrupted because after I had told the story of what we had found and so on, he was interrupted because he had an appointment with a visitor from overseas, I believe it was Chief Budalase from South Africa, and so the meeting was adjourned until after the National Security Planning Group meeting that afternoon, and I was asked to come back and continue with the President as to what steps we ought to take.

I do remember the President indicating that we were going to have to be sure that this—work out a way to get this out as soon as possible, and I told him that I still had other people I needed to talk to, one of whom was Admiral Poindexter.

Mr. NIELDS. Mr. Regan has told the committee that the subject of the diversion did not, in fact, come up until your meeting with the President reconvened in the afternoon and in your press conference the following day, you made reference to having told the President in the afternoon.

Do you feel certain that you told him in the morning as opposed to the afternoon?

Attorney General MEESE. I can't be sure. My best recollection is I think I told him at least initially in the morning that we had found something unusual. I don't think I was able to tell him the whole story in the morning because of the interruptions that I mentioned.

Mr. NIELDS. I think you said earlier that there was a scheduled meeting of the NSC at 2:00 o'clock in the afternoon on Monday.

Attorney General MEESE. A meeting of the National Security Planning Group, yes NSPG.

Mr. NIELDS. And I take you attended that meeting?

Attorney General MEESE. Yes, I did.

Mr. NIELDS. I think as you indicated earlier you were to report on the results of your investigation to the NSPG at the 2:00 o'clock meeting.

Attorney General MEESE. Not that I was to report to the NSPG. The President asked me or Don Regan asked me if I could complete my review or as much of it as possible by 2:00 o'clock, at which time the NSPG was going to meet on the Iranian subject, so that I would be prepared to participate in that meeting on the basis of what we had learned.

Mr. NIELDS. Did you mention at that meeting the diversion?

Attorney General MEESE. No, I did not, for the reason that I had not had a chance to discuss it fully with the President as yet.

Mr. NIELDS. Originally, as I understand it, you were going to do an inquiry to straighten out the differing stories with respect to the HAWK shipment in November of 1985.

Did you report on that subject at the NSPG meeting?

Attorney General MEESE. I contributed to the discussion, and I believe I have some notes on that which constitute one of your exhibits; if you could enlighten me as to which one.

Mr. NIELDS. It is exhibit 49.

Attorney General MEESE. Thank you.

I will refer to that now because there are considerable portions of that which have been redacted as classified, and I don't want to refer to anything that is not properly concern for open discussion.

Mr. Nields. We have left in all portions of it that relate to the HAWK shipment.

Attorney General Meese. Did you say exhibit 45?

Mr. Nields. I am sorry. I may have. I should have ~~said~~ exhibit 49.

Attorney General Meese. Forty-nine, There is quite a bit of that redacted, yes.

Mr. Nields. Now, exhibit 49—I take it these are notes that you took at that NSPG meeting at 2:00 o'clock in the afternoon?

Attorney General Meese. That is correct.

Mr. Nields. Your notes on the second page of the exhibit begin with the words "DTR." I take it that is Mr. Regan?

Attorney General Meese. That is correct, Donald Regan.

Mr. Nields. And he is the one, apparently, who raises the subject and says, "Question re: HAWK missile shipment, who authorized, who knew, was RR told?"

Attorney General Meese. Yes.

Mr. Nields. And then you write down a remark by JMP; that is Admiral Poindexter?

Attorney General Meese. Yes.

Mr. Nields. And he says, "Bud handling by self from July until December 1985, no documentation."

Attorney General Meese. That is correct. That is what I have written down.

Mr. Nields. Do you recall his saying anything further?

Attorney General Meese. I don't recall anything further, and I recall that only from looking at the notes.

Mr. Nields. Now, Admiral Poindexter has testified before this committee that he had destroyed the original signed Finding that related to this HAWK shipment.

I take it you would have regarded that as documentation of significance to the inquiry that you were conducting over the weekend?

Attorney General Meese. Yes, I certainly would.

Mr. Nields. And he has also told us that once he saw that and destroyed it, that the pieces began to fall back together and he began to recollect his involvement in that shipment.

I take it from your notes that he did not come forward with any information on the 24th?

Attorney General Meese. No, he did not, not as to that at least.

Mr. Nields. Now, from your notes, I take it, that Mr. Regan had inquired who authorized the shipment, who knew, was RR told.

Did anyone ask the President or did the President respond in any way to that question?

Attorney General Meese. Not that I can recall, and I have made no notations that he did. This was not necessarily a verbatim account of what was going on. It was notes that I took to refresh my recollection, but I have no notation here as to anything the President might have said at that stage.

Mr. Nields. Following the NSPG meeting, did you arrange an interview with Admiral Poindexter?

Attorney General Meese. Yes. For some reason I wasn't able to reach him in the morning and so I did go up to his office immediately following the NSPG meeting and had a conversation with him at that time.

Mr. NIELDS. How long?

Attorney General MEESE. I would say it was a very short conversation, probably about 5 or 10 minutes, because I was due in the President's office as soon as I could after that meeting, but I did want to see Admiral Poindexter before I saw the President.

Mr. NIELDS. Would you describe your conversation with Admiral Poindexter?

Attorney General MEESE. Yes. I described to Admiral Poindexter what we had found, that we had found a memorandum that indicated a diversion of funds. I indicated that we had talked with Colonel North, that Colonel North had verified that there was such a scheme and that a quantity of money had been taken from the so-called profits of the arms transactions and had been transferred through a series of bank accounts to the Freedom Fighters, and that, told him, in essence, what we had found.

And I asked him whether he knew about this, and he said that, and I believe his exact words or close to his exact words, "Ollie has given me enough hints about this so that I generally knew, but I did nothing to follow up or stop it" or words to that effect.

And then I asked him, I said, have you told anyone else or does anyone else in the White House know? And he said, no.

Mr. NIELDS. Was that the sum and substance of your conversation?

Attorney General MEESE. I think those were the salient parts of the conversation.

Mr. NIELDS. Did you ask him whether he had ever received a final version of the document that you had talked to Colonel North about?

Attorney General MEESE. No, I did not. I didn't go into any more detail than that. Those were the key elements that I wanted to know before I talked to the President and then since I was already late for the President's office, I went there almost directly.

I may have stopped by to pick up Don Regan or he may have already been in the President's office, but Admiral Poindexter did not go with me at that time.

Mr. NIELDS. Did you ask him whether there had been any other documents referring to the diversion which had been sent up the line by Colonel North?

Attorney General MEESE. No. I asked him only whether he had told anyone else or anyone else in the White House knew and he said no.

Mr. NIELDS. Did you ask him whether he had told the President?

Attorney General MEESE. Implicitly, yes, when I asked who else in the White House knew or whether he told anyone else in the White House, and he said no.

Mr. NIELDS. Now, Admiral Poindexter testified before this committee that he did not recall your asking him whether he had told the President. Did you make any notes of that interview?

Attorney General MEESE. No, I did not.

Mr. NIELDS. Was there anyone else there?

Attorney General MEESE. No, I was the only one with him, and I did not actually ask him in the exact words "did you tell the President?" I said, "did you tell anyone else in the White House or does anyone else in the White House know?"

I think I may have related to him what Colonel North said about who knew.

Mr. **Nields**. Did you ask him whether he had approved of the diversion?

Attorney General **Meese**. I didn't ask him separately, he had already indicated what his participation was in the words that I mentioned to you, that he knew enough about it, that he knew what was going on, had a general knowledge, but that he did nothing to either follow up on that or stop it.

Mr. **Nields**. I think you said you were on your way to a meeting with the President?

Attorney General **Meese**. Yes.

Mr. **Nields**. And that was a continuation of the meeting that was interrupted in the morning?

Attorney General **Meese**. Right.

Mr. **Nields**. Would you describe the conversation you had with the President after your interview with Admiral Poindexter?

Attorney General **Meese**. Yes. I then related in more detail to the President, and also added what I had just learned from Admiral Poindexter about his knowledge and participation. There was a discussion then in the President's office between Don Regan and the President and myself about the next steps to take.

I indicated that I probably ought to do some additional checking or at least there were other people that I wanted to talk with. One of them—just to touch all the bases—with the Vice President.

And also there was a discussion of—I know distinctly there was a discussion: should John Poindexter be relieved of his duties?

And the President said he would like to think about it overnight as to what steps should be taken, and we agreed to meet again in the morning, I believe, at 9 o'clock.

Mr. **Nields**. Now, before you met again—did you, in fact again meet at 9 o'clock?

Attorney General **Meese**. Let me also say there was one other thing. The President said at that time, again, reiterated what he had said to me on a previous occasion, that was that we want to be sure that we get this out as soon as possible or words to that effect.

And that was one of the—there were several things he had in mind, but that was one of the things we were going to talk about the following morning.

Mr. **Nields**. And did you, in fact, have that meeting at 9 o'clock in the morning?

Attorney General **Meese**. Yes. I believe it was at 9 o'clock that I was in the President's office along with Don Regan, and we settled on a plan of action for the next steps to take.

Mr. **Nields**. Prior to the meeting at 9 in the morning, did you have a meeting early in the morning?

Attorney General **Meese**. Yes. I met with Mr. Casey at about 6:40 or so.

Mr. **Nields**. How was that arranged?

Attorney General **Meese**. I was just leaving the house about 6:30 and Mr. Casey called me and said that Don Regan had told him about the diversion of funds the night before and he wanted to talk about it, and I said that probably rather than talking over the phone, it would be better for me to drop by his home. I had mentioned earlier to you that he lived very close to me. So I dropped by there on the way to work.

Mr. **Nields**. Would you describe the conversation you had with Director Casey that morning?

Attorney General **Meese**. Basically I had told him what we had found, and he had already heard the story generally from Don Regan. He indicated to me that he had been surprised by what Don Regan told him, and he also said we have got to get this out as soon as possible.

Mr. **Nields**. Did you ask him whether he had known of it earlier?

Attorney General **Meese**. I don't think I did, because he had indicated to me in the conversation that he had been surprised and had not known of it before Don Regan told him.

Mr. **Nields**. I take it then that you did not ask him——

Attorney General **Meese**. I didn't ask him point blank, did you know about it before Don Regan told you, but he certainly indicated that in the conversation. I can't remember the exact words.

Mr. **Nields**. I take it then you didn't ask him whether he had ever discussed it with the President or anybody else?

Attorney General **Meese**. No, I did not.

Mr. **Nields**. Was that the sum and substance of your conversation with Director Casey?

Attorney General **Meese**. Well, it was, because while we were talking, we were interrupted by a phone call for me by the White House switchboard and Don Regan was trying to reach me, and they had called my car and the car told him I was inside and so they reached me in Mr. Casey's home or perhaps the call somehow got to the car and ultimately to me, I am not sure of the exact sequence.

And then I talked with Mr. Reagan and he indicated that he would be asking for John Poindexter's resignation that morning.

Mr. **Nields**. I take it—well, let me ask you: whose decision was it to ask for John Poindexter's resignation?

Attorney General **Meese**. Well, ultimately it was the President's. And I think at that point it was Don Regan's strong recommendation that John Poindexter should resign.

Mr. **Nields**. What was done with respect to Colonel North and whose decision was that?

Attorney General **Meese**. Well, that came later in the morning, when we were talking with the President, and the question was: should Colonel North be allowed to resign? And I believe it was Mr. Regan, but I am not positive, but the resolution in any event was, well, he is just on detail from the Marine Corps, so he can just be transferred back to the Marine Corps.

Mr. **Nields**. Was it decided by anyone that he would be fired?

Attorney General **Meese**. Well, I think when you—I don't remember the words actually "fired," I remember the words "generally transferred back to the Marine Corps." That could be interpreted as being fired in the sense of a White House position, but there was a difference in the position that Colonel North held related to that which Admiral Poindexter held.

Admiral Poindexter actually was appointed. He was a commissioned member of the White House staff as the Assistant to the President for National Security Affairs, whereas Colonel North was one of many military personnel that were detailed to the White House, so there was a technical difference in terminology as to the two.

Mr. NIELDS. Whose decision was it that Colonel North be transferred?

Attorney General MEESE. Well, ultimately it was the President's decision, and I don't know who suggested it, I think it was Mr. Regan, but there was general agreement by all that were there that that should, in fact, happen.

Mr. NIELDS. What was your position on it?

Attorney General MEESE. I certainly concurred.

Mr. NIELDS. And for what reason?

Attorney General MEESE. On the basis of his involvement in the diversion of funds which was an unauthorized activity and something which had not been approved and would not be approved by the President had he known.

Mr. NIELDS. Now, were you under the impression that it had or had not been approved by Colonel North's superior, Admiral Poindexter?

Attorney General MEESE. I would say that my impression was exactly as I had been told by Admiral Poindexter, that he had condoned or allowed the activity to go forward.

Mr. NIELDS. I take it it was decided at some point in the morning, as you said, to get the facts out.

Attorney General MEESE. Well, actually we developed a whole series of steps. The first step was to take care of the problem of the resignation and the transfer, resignation of Admiral Poindexter, and the transfer of Colonel North.

A second decision was to convene a special review board to immediately start work and make sure that, make recommendations to ensure that this kind of thing couldn't happen again. The President was very firm on that.

Thirdly, to let the rest of the National Security Council members know, and, in fact, a meeting was convened at 10:15 for that purpose.

Next, to let the Congress know, and a meeting was called for 11:00 o'clock for that purpose.

And, finally, to, or next after that was to let the American people know, and a press conference was scheduled for 12:00 o'clock for that purpose, and I believe at that time, although I am not positive whether it was then or immediately after the news conference, that I indicated that I would be meeting with our Criminal Division people in the Department of Justice. I had already started activity on Monday to look into the possibility the criminal laws may have been involved.

Mr. NIELDS. I would like to turn to the press conference now if we can, and the transcript of your portion of it is exhibit 54.

Attorney General MEESE. I see that here. I also have a copy that is a little more legible, so I will move from copy to copy, if I may.

Mr. **Nields**. Now, during the course of the press conference, did you make various statements about who was aware of the diversion and who was not aware of the diversion?

Attorney General **Meese**. Yes, I believe that I did.

Mr. **Nields**. And what did you say with respect to Director Casey?

Attorney General **Meese**. I believe that I said that Director Casey was not aware of the diversion. I would have to, of course, check—I believe that is what I said.

Mr. **Nields**. That is correct, and it is at page 3 of exhibit 54, you need not turn to it, it is a simple question and answer that has to do with Director Casey, and you say CIA Director Casey and then various other——

Attorney General **Meese**. Yes.

Mr. **Nields**. —Cabinet officials, none of us knew.

Attorney General **Meese**. That is correct.

Mr. **Nields**. Now, did you make various statements also during the course of that press conference about the flow of funds, how the moneys were routed from Iran to the Contras?

Attorney General **Meese**. Yes, I did. And I think I ought to add that I also made a number of statements during that press conference that I was providing information on the basis of what we then knew, that the information we had was preliminary, certainly fragmentary, that we did not have the complete picture, and that I was giving the best information we had as of that time.

Mr. **Nields**. I would like you to turn to what is page 6 of exhibit 54. It may be easier to use that because the pagination can be followed.

Attorney General **Meese**. All right.

Mr. **Nields**. In the middle of the page the following question is asked: "One final followup, then, how did Colonel North—let me put it this way—these transfers of moneys, did they go only through one man, Colonel North, were there no other people involved?"

And your response is: "No transfers of money went through anyone. Bank accounts were established as best we know by representatives of the forces in Central America. And this information was provided to representatives of the Israeli Government, and the funds are—or representatives of Israel, I should say—and these funds were put into the accounts. So far as we know at this stage, no American person actually handled any of the funds that went to the forces in Central America."

Attorney General **Meese**. That is correct, that's what we had been told by Colonel North on Sunday.

Mr. **Nields**. Well, just referring back to this morning's question and answer. We went over some questions and some answers, and I think you indicated that Colonel North told you the money was flowing through the account of a U.S. corporation.

Attorney General **Meese**. Well, I think there were two different accounts that were given by Colonel North. One was the way the system went when it was, when he was describing the conventional flow of moneys or the flow of moneys during what I have characterized as the conventional aspects of the Iranian initiative, and then he gave us a different picture when he was talking about the diversion of funds to the Freedom Fighters in Nicaragua. And so when I was talking about this then in response to the question that you cited, I was talking about what he indicated to us was the way in which the funds were diverted.

Mr. **Nields**. Now, I think we also this morning went over the so-called diversion memorandum which also showed the $15 million going into the account of a U.S. corporation, and then from there to the Contras. Did you have that in mind when you were describing the flow of funds at the press conference?

Attorney General **Meese**. Well, what I had specifically in mind is what I testified to this morning and which was, is included in the notes of the interview with Colonel North on page 16 where it says: Israelis, it says, "Israeli"—singular—"made an offer, Colonel North contacted Calero, who opened three accounts in Switzerland, North gave the numbers to the Israelis, the moneys went to those accounts, CIA had no knowledge." That is what I was referring to when I answered that question at the news conference.

Mr. **Nields**. Now, again, I don't want to belabor it, but I think you also indicated, and this is reflected at page 17 of your notes of your conversation with Colonel North, that you specifically confronted him with the diversion memorandum and the flow of funds reflected there, and that he described it again as being Iranians, Israel, account corp., CIA account, Army weapons.

Attorney General **Meese**. Yes. But that my understanding was the accounting or the flow of the legitimate funds, the funds that went ultimately into the CIA account and into the Army weapons account, rather than the money that was diverted to the Freedom Fighters, which, as I understood, went directly from the Israelis into those secret bank accounts, at least that is what he had told us on that day, so that money was diverted from the normal flow of funds which is reflected on page 17.

Mr. **Nields**. But I think you also indicated earlier, and perhaps this is incorrect, but I think you indicated earlier that the flow indicated on page 17 was taken out of the diversion memorandum itself, which showed the money, the $15 million, going into the corporate account and then on to the Contras.

Attorney General **Meese**. Well, I am not sure. This has a question mark next to it here as to what the exact flow was. It is true that in the diversion memo, there was one flow that was described, there is another flow that is described by Colonel North when he told us how it was established and how the funds went into the Swiss bank accounts directly from the Israelis.

So to the extent that there seems to be a discrepancy, I think the notes reflect it as it was told by us, and certainly as to what the question that I was answering in the news conference was based upon the rather definitive account that Colonel North had given us as to the flow of moneys specifically that got to the Contras.

Mr. **Nields**. This question about the flow of funds, I take it, was of some potential legal significance.

Attorney General **Meese**. Well, it was, and, of course, I anticipated, as in fact it was due to be followed up by more investigation after the news conference, and as a matter of fact, I had in mind at the time of the news conference that there would be extensive investigative activity, as I mentioned in my opening statement this morning.

But it was the President's desire that we present to the American people, as well as to the Congress, as rapidly as possible the information that we knew at that time, without waiting around for further investigation, so that there would be no hint that anyone was trying to cover up the facts and withhold the facts from the American people.

Mr. NIELDS. I take it that the legal significance was that if the money went from the Iranians to the Israelis to the Nicaraguan Resistance, it might well be that the U.S. Government had no control over those funds, whereas if it went through, if it went into the account of a U.S. corporation acting as agent for the CIA, as you indicated before, or Colonel North, then perhaps the U.S. Government would have control over the funds.

Attorney General MEESE. Well, I am not sure—actually we didn't do a legal analysis at that time because that's something we were intending and have intended and have done since that time. But I am not sure that that would affect the legal significance. It may have been a factor, but it certainly may not have been definitive.

Because as we then, on the afternoon of the 25th, explored the various legal theories, that any profits from the sale of American weapons made by anyone who was acting in any capacity as an agent of the United States could, under a constructive trust theory, those funds could very well be a part of, be property of the United States, and so I am not sure of the particular way in which the bank accounts flow had any real significance based on the constructive trust theory.

Mr. NIELDS. Did you also at that press conference make reference to the U.S. Government knowledge and participation in the prefinding Israeli shipments?

Attorney General MEESE. I believe I did, but you may want to refer me to the specific portion of it here.

Mr. NIELDS. I think pages 9 and 10.

Attorney General MEESE. I guess it would be 9 and 10 if they were numbered.

Mr. NIELDS. You are correct, you have to count from the beginning. I apologize.

It is a page that starts off, "That was after."

Attorney General MEESE. Yes, here we have it.

That was after the information had come out, and then——

Mr. NIELDS. Down at the bottom of the page there is a question: would you please clarify the whole question of the President condoning a third country shipment prior to signing this order?

And I take it that was the question on which there had been some confusion last week and you had done the weekend inquiry in order to resolve the confusion.

Attorney General MEESE. Yes.

Mr. NIELDS. Your answer is: "this is still being looked into. The President did not have full details of all the aspects of transactions that took place prior to the Finding. There were—there was at least one transaction that we know about in which Israel shipped weapons without any authorization from the United States."

What was that statement based on?

Attorney General **Meese**. That was based upon my understanding at that time from Colonel North primarily, but also I believe from Mr. McFarlane, that the original TOW shipment, which took place, I believe, in the latter part of August or the early part of September 1985, had been undertaken by the Israelis without any prior knowledge of the United States.

Mr. **Nields**. Thank you.

Then your answer continues: "there was another transaction of a similar nature, although there was probably knowledge on the part of people in the United States about it and this"—and the question, when was that?—you continue your answer—is one of—"there was a transaction, one transaction in late August or September, and there was another transaction in—of '85, in November, and in the November transaction actually those weapons were returned to Israel, it's our understanding. That was the whole—both of those transactions took place between Israel and Iran and did not involve at that time the United States."

And then the question comes back: "At what point did the President know?"

You said he didn't have the full details.

You answered yes.

The question: "What details did he have about those transactions and when did he have them?"

And you responded: "the President—this is one of the things that we're recollecting now—the President was informed generally that there had been an Israeli shipment of weapons to Iran sometime during the late summer, early fall of 1985, and then he later learned in February of 1986 the details about another shipment that had taken place in November of '85, which actually had been returned to Israel in February of '86."

What was the basis for your statement that the President learned in February of '86 details about the November '85 shipment?

Attorney General **Meese**. I can't recall now, but I believe that we had been told that by one of the participants. Whether it was Colonel North or Mr. McFarlane, I'm not sure.

Again I might say that there was considerable confusion during the course of the press conference with questions being thrown at me from a number of members of the press. I was trying to recall details as best I could at that time without notes, and to testify—to account to the press for what we knew.

This was why, as you will see, this press conference is replete with statements that I was telling what we knew at that time and telling to the best of our knowledge and indicating to the press that that might not be a full and accurate account, and that much more would be forthcoming later.

Mr. **Nields**. Now, on the subject of the flow of funds, did you get a telephone call from the Prime Minister of Israel at the end of the day in which he straightened the story out?

Attorney General **Meese**. Yes, I did. And if I may refer you to exhibit 56, it's a page from my spiral notebook dated the 25th of November 1986. At 4:40 p.m. I received a call from Shimon Peres, then the Prime Minister of Israel.

Mr. Peres is a man that I was well acquainted with. I had been a guest in his home. And he told me that they had transmitted the defensive weapons upon United States request.

He said the money—and I'm reading now from my notes—he said the money had been paid directly by Iranians, not by Israelis, to the account of an American company in Switzerland. The Israelis were only told the amount, they didn't know the end user.

He said they were releasing a statement to that effect in Israel in 20 minutes and he said—he wound up by saying they want to be helpful to us in any way they could.

Mr. **Nields**. Now, exhibit 63 is a memorandum done in the Criminal Division based on the information that you had released at your press conference, and on page 3 it states, "It seems to me clear from the information made public by the Attorney General that funds available to the Department of Defense were used to store, transport, load, and ship to Iran the arms eventually turned into aid to the Contras."

And then down below it says, "If the above information is true, it appears to me fairly clear that anyone who designed the Iran operation to deliver weapons to Nicaragua, concealed that information from the President, and then ordered the deal to go forward, could reasonably be said to be in violation of the Boland Amendment."

Do you agree with that statement?

Attorney General **Meese**. Well, I'm not sure. I had not seen this memorandum until preparation for this hearing, and I would think that there was certainly a possibility that could be true, depending upon what branch of the government that individual was in.

I would have to look at the Boland Amendment that was in effect at that particular time and do that analysis. I have not done that.

Mr. **Nields**. I have just a few more questions, Mr. Attorney General.

Was the Department of Justice ever asked for an opinion on the applicability of the Boland Amendment to the NSC?

Attorney General **Meese**. Not to my knowledge.

Mr. **Nields**. Now, exhibit 69 is an opinion done on another topic, December 17, 1986, by Mr. Cooper, Assistant Attorney General, Office of Legal Counsel, and at page 5, note 10—and again I want to emphasize this is on a subject matter here as a different law, not the Boland Amendment—he states the NSC clearly falls within the definition of an intelligence agency given in Section 403(b)1 of the Intelligence Authorization Act, and then he quotes: "Any department, agency or other entity of the United States involved in intelligence or intelligence-related activities."

Would you agree with that statement?

Attorney General **Meese**. As it pertains to the Intelligence Authorization Act, and that given section, and that definition, which is probably the most extensive definition of what is involved in—what was concerned with this particular act, I think it is probably that the NSC would fall within that, since it is—or at least it could be deemed to be—an entity of the United States involved in an intelligence-related activity.

Mr. **Nields**. Now, was the Department of Justice, to your knowledge, ever asked to give an opinion on whether a covert operation, a full-service covert operation done by the NSC overseas, would have to be reported to Congress?

Attorney General MEESE. I don't recall that there has been such a request. I don't know of any request, and I don't believe that there has been, that information or a legal opinion was requested of the Department by the President or anyone.

Mr. NIELDS. Again referring to this same memorandum and on the same page, that's exhibit 69, page 5, footnote 11, starts off—and again this is Mr. Cooper's memorandum—"Covert intelligence operations are subject to the congressional reporting requirements of Section 501 of the National Security Act, whether they are conducted by the CIA, the NSC, or some other agency."

Would you agree with that statement?

Attorney General MEESE. Yes, I think generally I would.

Mr. NIELDS. So that if the NSC were running a covert operation, even without the involvement of the CIA, there would be a congressional reporting requirement that would apply?

Attorney General MEESE. Well, again, I would have to give you a definitive legal opinion, which I would have to be totally knowledgeable about the kind of CIA operation.

This says covert intelligence operations, and it would depend a lot on what all of the circumstances are, how they were being run, and under what authorization and so on.

Mr. NIELDS. Mr. Attorney General, to your knowledge, is it an offense to make false statements to Congress?

Attorney General MEESE. Yes, to the best of my knowledge, it is. I think there's specific statutes that relate to that.

Mr. NIELDS. And does that apply to statements whether they are under oath or not?

Attorney General MEESE. I believe Section 1001 of U.S. Code Title XVIII does pertain to that. Again, I'm not used to giving horseback legal opinions without looking at the statutes, so what I'm saying here I hope will not be considered legal advice.

But it's my recollection that that is correct.

Mr. NIELDS. Section 1001 is a section that criminal lawyers in the Department of Justice work with fairly frequently, I take it.

Attorney General MEESE. Yes, indeed.

Mr. NIELDS. And I take it there is no—it is a felony, I take it.

Attorney General MEESE. I believe it is, yes.

Mr. NIELDS. And there's no exemption for employees or staff at the NSC, to your knowledge?

Attorney General MEESE. Not to my knowledge, and I doubt if there would be.

Mr. NIELDS. Mr. Chairman, I have no further questions.

Chairman INOUYE. Thank you very much.

The Chair recognizes Mr. Van Cleve.

Mr. VAN CLEVE. Thank you, Mr. Chairman.

I want to make sure that you can hear me, Mr. Attorney General.

Attorney General MEESE. I can indeed. Thank you.

Mr. VAN CLEVE. I would like to start off this afternoon if I might with the—with an effort to put a few biographical details on the record for the benefit of members of the committee. And I would ask as I recite a few of these if I say something that is incorrect

Mr. Attorney General, if you would just correct me, I will appreciate it.

My understanding is that you served from 1959 to 1967 as a Deputy District Attorney in Alameda County, California, a large urban California county.

At that time, the District Attorney's Office had about 100 attorneys and you served as a criminal prosecutor and served, among other capacities, you were in charge of special investigations for the District Attorney's Office and served as Legal Adviser to the Grand Jury; is that correct?

Attorney General MEESE. That is correct, the latter being true for about four of those years, yes.

Mr. VAN CLEVE. In addition, you served as the Vice Chairman of the California Organized Crime Control Commission from 1977 to 1980?

Attorney General MEESE. That is correct.

Mr. VAN CLEVE. I take it that is a statewide body with statewide responsibility?

Attorney General MEESE. Yes. It served under the leadership of the State Attorney General.

Mr. VAN CLEVE. Finally, I understand that you served as a law professor at the University of San Diego Law School from 1977 through 1981 and among other things you taught criminal law?

Attorney General MEESE. That is correct.

Mr. VAN CLEVE. And you were the Director of the Center for Criminal Justice Policy and Management during that period as well?

Attorney General MEESE. Yes, at that law school.

Mr. VAN CLEVE. I thought it would be useful for Members of the committee to have that background so that they are aware of your extensive criminal prosecutive experience before you joined the Federal Government in 1981.

With that background, let me proceed, and the way I am going to proceed this afternoon, Mr. Attorney General, is to ask you a few brief factual questions about an area that Mr. Nields essentially did not really cover in his examination, and that is the Contra aspect of our investigation.

And from there what I would like to do is then to review some of the areas that he did cover with you in his examination and to finish up with a few additional legal questions.

I give you that general outline just to sort of give you a roadmap for my questioning.

During 1984 while you served on the staff of the President at the White House, were you involved in any discussions with Mr. McFarlane, Colonel North, Director Casey, or NSC officials with respect to compliance with the Boland Amendment?

Attorney General MEESE. I don't recall any specific discussions directly with those individuals. It may be that discussions were held as a part of National Security Council meetings which I attended or at National Security Planning Group meetings that I attended.

Mr. VAN CLEVE. But you have no recollection of any specific discussions concerning compliance with the Boland Amendment?

Attorney General MEESE. No, sir, I do not.

Mr. **Van Cleve**. I might note that the amendment that we normally refer to as the Boland Amendment, that is the appropriations rider, was in fact adopted in October 1984 toward the end of the time you spent at the White House, if I am not mistaken.

Did you participate in any discussions during 1984 with respect to the question of whether the NSC staff would be covered by the Boland Amendment?

Attorney General **Meese**. I don't recall any such discussions, and I doubt if I did.

Mr. **Van Cleve**. During your tenure as Attorney General, was your advice sought either formally or informally concerning the question of coverage—the coverage of or compliance with, the Boland Amendment prior to October 1986, when it was effectively repealed?

Attorney General **Meese**. I do not recall any time when my advice was sought on this subject or any discussion or conversation about it.

Mr. **Van Cleve**. Were you aware prior to the disclosures which have taken place in these public hearings of any aspect of Colonel North's private Contra resupply project?

Attorney General **Meese**. I don't think I have—that I recall ever hearing about it in those terms or about that. I did know while I was in the White House that Colonel North was very active in promoting support in a general sense for the Democratic Resistance Forces in Nicaragua, but as far as any specifics of a so-called resupply effort or anything like that, I don't believe that I recall anything of that nature.

Mr. **Van Cleve**. Let me be a little more specific so that the record is clear on this. Were you aware that Colonel North may have been involved in providing military advice to the Contras?

Attorney General **Meese**. I do not recall ever learning of that prior to these hearings.

Mr. **Van Cleve**. Were you aware that Colonel North may have been involved in fundraising activities related to the Contras?

Attorney General **Meese**. I don't recall any specific instance in which I was aware of it. I think there were articles in the paper perhaps that I may have seen about Colonel North or others in the White House addressing groups that were supportive of the Nicaraguan Resistance, but I don't have any specific recollection at this time of a particular article or a particular instance or a particular involvement of Colonel North and others.

Mr. **Van Cleve**. Were you asked during your service in the White House in 1984, or during your tenure as Attorney General, for your advice on the legality of the use of private funds to support the Contras during the pendency of the Boland Amendment?

Attorney General **Meese**. I don't remember any such request for advice and the reason I say that is there are always people having hallway conversations at the White House and it could possibly have been discussed in my presence, but I don't have any recollection of ever being requested for my advice.

Mr. **Van Cleve**. Do you recall any request for advice on the subject of the legality of the use of third country funds for the support of the Contras during your tenure in the White House?

Attorney General **Meese**. I don't believe I was ever asked for advice on that subject either and it would not be normal for me to give any legal advice in any event during the time I was at the White House because I was not there in a lawyer capacity—let me say in a lawyer capacity. I was there as the counselor to the President.

It was a principal staff position, and I was there in a policy position rather than a lawyer position.

Mr. **Van Cleve**. I would like to turn now, if I might, to the subject that Mr. Nields began with this morning, and that is your knowledge of the 1985 shipments of arms.

Mr. Nields asked you, I think my notes reflect, specifically about your knowledge of those shipments at the time they occurred, or during the period prior to November 1986, and he also asked you whether you were consulted with respect to the Finding.

I wanted to ask you whather or not during your tenure as Attorney General and prior to November 1986, were you ever asked for legal advice with respect to those shipments?

Attorney General **Meese**. I do not recall ever being either asked for advice or notified or given information about those shipments prior to November of 1986.

Mr. **Van Cleve**. Turning now to the meeting on November 10, 1986 that you testified about this morning and of which you have notes and we have notes by Ambassador Keel, my distinct impression of those notes is that Admiral Poindexter made a presentation at that meeting that sort of recapped the history of the Iran initiative for the benefit of the participants. Is that a fair description of what happened?

Attorney General **Meese**. Yes. That is my recollection of the meeting also.

Mr. **Van Cleve**. Based on your recollection, would it be fair to say that Admiral Poindexter glossed over the details of the initiative up until that point? That is, if you look at the notes themselves, you can see that he introduces the January 1986 Finding and only then begins to talk about any of the details of the shipments.

Attorney General **Meese**. That is my best recollection, and that is what is indicated on the notes that I took on that occasion.

Mr. **Van Cleve**. I take it that really in that context on November 10th the basic position that the President was taking was that he was still very concerned about the lives of the hostages, still thought it was a possibility that discussions with the Iranians could continue, and that therefore he did not want there to be any specific comment about the details of the initiative in any event.

That was basically the position he wanted to take; is that correct?

Attorney General **Meese**. That is correct.

Mr. **Van Cleve**. So that from the point of view of the participants in the meeting, they really didn't need a detailed blow-by-blow as to the precise history of the initiative at that point; is that fair?

Attorney General **Meese**. I would say I think that is probably correct in one sense. On the other hand, there was a considerable amount of information given, including the quantities of the missiles and so on, but as you point out, it was all presented in the context or at least in the way it was narrated as related to or following the 17th of January 1986 Finding.

Mr. **Van Cleve**. Turning now, if I might, to the day after the President's press conference, the November 19th press conference, this would have been November 20th, you have testified earlier today that you attended a meeting in Admiral Poindexter's office to consider a draft of Director Casey's testimony before the Congress the next day.

I got the distinct impression from your testimony that you then left that meeting in a hurry to get to the airport because you had a scheduled speaking engagement. Is that a fair——

Attorney General **Meese**. That is correct. I was due to be the banquet speaker at the Military Academy at West Point where there was a national collegiate gathering of students from a number of universities there.

Mr. **Van Cleve**. And you testified that although you don't have a distinct recall of this telephone conversation, you believe you did receive a phone call from Deputy Attorney General Burns while you were in the car on the way to the airport; is that correct?

Attorney General **Meese**. I do believe that that occurred, I have been told that it did occur, that there was some contact between us. Neither Mr. Burns nor I remember it exactly, and I would imagine the conversation was fairly vague, particularly if it was over the telephone and also because Mr. Burns had no context for the information that he was transmitting.

He knew nothing about the Iranian initiative other than what was in the newspaper, he certainly had no knowledge of anything that had taken place in terms of weapons shipments, and I suspect that what he was passing on to me was in rather simple terms that State Department had some problem with the testimony that was about to be given the next day based upon the prepared copy of Mr. Casey's testimony that had been distributed to us at the meeting. And I presume State Department had a copy as well.

Mr. **Van Cleve**. Am I correct that you have since discussed this phone call with Mr. Burns and that he tells you that it is his understanding that Judge Sofaer had not said anything to him in the prior phone conversation about having had notes of the earlier transaction, so that the chances are quite good that that information was not, in fact, ever transmitted to you at that point?

Attorney General **Meese**. I think that is correct, and I believe he has told me that Judge Sofaer said the same thing.

Mr. **Van Cleve**. That evening you got a phone call from assistant Attorney General Cooper at West Point. I take it that it was very difficult to set that phone conversation up because it was a secure phone conversation.

Attorney General **Meese**. It was difficult to set up because the portable secure telephone that we had at that time was highly unreliable and it took considerable time for it to be set up. I remember leaving the dinner or the reception that followed the dinner on a number of occasions and when I got there they had lost contact on the secure phone and it was finally after two or three tries they finally got contact with Washington, D.C.

As I mentioned earlier, I think that was around 10:30 or so in the evening.

Mr. **Van Cleve.** Would you describe Mr. Cooper as having been agitated when he reached you finally?

Attorney General **Meese.** I would say that Mr. Cooper's demeanor or approach was more of concern than agitation per se.

Mr. **Van Cleve.** Can you recall whether or not during that conversation at any point Mr. Cooper suggested to you that there might have been any intentional wrongdoing on the part of any of the participants in the November 20th meeting?

Attorney General **Meese.** I can't recall any part of that conversation where he indicated there was any intentional wrongdoing. It was more that a lot of people had different recollections and that the situation was pretty well fouled up because of that.

Mr. **Van Cleve.** Now, on the morning of November 21st, you returned to Washington early in the morning and you then met with your staff at the Justice Department for a period of about an hour and a half, I think the records show.

I wanted to ask you, were you shown at that time a copy of Director Casey's actual testimony that had been delivered that morning?

Attorney General **Meese.** I am not sure whether I was shown a copy. I believe there was a copy or there may have been a copy in the possession of Mr. Cooper or others who were there. I don't specifically recall that it was shown to me or that I read it.

Mr. **Van Cleve.** Mr. Cooper testified, and I ask you, whether you are aware of this, that that testimony does not, in fact, mention that the United States had been involved in a shipment of HAWK missiles in November 1985.

Were you aware of that, sir?

Attorney General **Meese.** I am not sure whether I was aware of it or not. I may well have been. My recollection now is that the testimony had been—had a statement in it of something that there—that there were questions as to the involvement of the United States or questions as to the degree of our knowledge of involvement of the U.S. persons as of that time or some words to that effect, leaving it as rather an open question in Mr. Casey's testimony, but I don't know the exact substance of that statement.

Mr. **Van Cleve.** But I take it there was no affirmative decision made of which you are aware that Mr. Casey would not disclose that information to the committees before which he testified that day.

Attorney General **Meese.** Would not disclose——

Mr. **Van Cleve.** —the fact of the HAWK shipment to the committees before which he was testifying that day. There was no affirmative decision of which you are aware?

Attorney General **Meese.** Not that I know of or recall at this time, certainly.

Mr. **Van Cleve.** Later that day you assembled a team of Justice Department employees to assist you in the factfinding investigation that the President had commissioned you to conduct and you described for the committee briefly the backgrounds of several of these individuals. But I want to confirm for the record if this is correct that Assistant Attorney General Reynolds, as head of the Civil

Rights Division, has criminal prosecutive responsibilities, because the Civil Rights Division, in fact conducts criminal prosecutions; is that correct?

Attorney General MEESE. That is correct. Let me also say counsel, if I may, we do not consider it a factfinding investigation inasmuch as we were not really going into it to build a case or to investigate in the depth that that term implies.

It certainly was an inquiry to find out what the facts were.

Mr. VAN CLEVE. I wanted to refer back to your earlier testimony, Mr. Attorney General, that you called Admiral Poindexter and you asked him to produce every document and all phone logs that related to the Iran initiative.

You made it clear to him, I take it, that you wanted comprehensive information from the National Security Council, everything that they had about the Iran initiative; is that correct?

Attorney General MEESE. That is correct.

Mr. VAN CLEVE. To your knowledge, did the National Security Council staff make available the so-called PROF notes to your staff when they came to review documents the next day? These are the electronic mail messages that have been so much in the news.

Attorney General MEESE. I don't know whether they did or not. That was a term that I had not known of until actually I think when these hearings commenced here. But I don't know how much information and what documents they presented there.

There was a considerable body of documents that were presented because it took our people all morning and on into the early evening hours to go through all the material.

Mr. VAN CLEVE. Mr. Chairman, I think the record will show that Mr. Cooper testified before the committee that with respect to several of the key exhibits in his examination, and these are PROF notes that show contemporaneous knowledge on the part of certain NSC employees such as Colonel North, that he had not seen these documents until he was examined earlier in the week and that Admiral Poindexter, for example, had never told him about such PROF messages.

So that the fact is that your staff simply didn't have this information available to them when they undertook this factfinding review?

Attorney General MEESE. I believe that may well be correct. As a matter of fact, it is my understanding that there were people in the NSC that didn't know those records were available either at the time.

Mr. VAN CLEVE. I think it is very important for the committee to bear in mind that we are in the process now of taking a look back in time in a situation where we have considerably better documentary evidence available than was available to any of the participants, whether they were the NSC staff officials or the officials of the Department of Justice, who were actually conducting this factfinding inquiry at the time.

Attorney General MEESE. Counsel, I appreciate your mentioning that because that certainly is the case. As a matter of fact, it was for that reason that I was so tentative in the statements that I made at the press conference that Mr. Nields referred to earlier. I think if you count in the press conference transcript you will find in at least 40 instances I indicated that I said we are looking into there or as best we know or I don't know precisely or something to that effect. That whole thing, it was the President's desire to get the facts as quickly as possible, and when we made this discovery, it was a matter then of getting that before the American people as quickly as possible, knowing that additional investigation would be carried on afterwards.

Mr. VAN CLEVE. Now, in the course of the weekend, and I take this from Friday through Monday, you met with, among others, Mr. McFarlane, Colonel North, Director Casey, and Secretary Shultz, to discuss their knowledge of the 1985 HAWK shipment and related matters.

And without getting into the question, for the moment, of the—their intent with respect to the disclosures that they made to you and to your staff, would it be fair to say that you repeatedly advised these present and former NSC staff officials that the most useful thing they could do to serve the President was to make full disclosure of the facts?

Attorney General MEESE. I believe that I did in virtually every case at the beginning of our discussion, made a statement to that effect.

Mr. VAN CLEVE. I might note that several of the exhibits that are before the committee today, which are contemporaneous notes taken by members of your staff, reflect those instructions that you made to people that you interviewed. And yet as far as the committee can tell, and again, without asking you to pass judgment on the accuracy of what you were told, there appears to be the distinct possibility that full disclosure was not, in fact, made by a number of these participants in these events, is that a fair statement?

Attorney General MEESE. Again, I am not in a position to evaluate, but it may appear that way based upon all of the testimony that has been heard in these hearings and the other investigative activity.

As I mentioned earlier, there is a far different picture of the situation today than there was during that weekend in November of 1986.

Mr. VAN CLEVE. I have two specific questions about that, if I might Mr. Attorney General. The first is it is my understanding that Secretary Shultz told you that the President, to his knowledge, was aware of the HAWK shipment at the time it occurred in November 1985. It is my recollection that he told you or made a statement to you to that effect during your interview with him; is that correct?

Attorney General MEESE. Counsel, I would have to check the notes of that interview because I don't recall without that that issue coming up. Secretary Shultz saw the President on the evening of the 20th, I believe, of November 1986, and discussed with him the whole situation at that time. The President said that he knew of the shipment that had taken place in November of 1985 but I am uncertain both from the notes and from my recollection whether the President's knowledge was as of November 1985 or as of November the 20th, 1986, when Secretary Shultz talked to him about it.

Mr. VAN CLEVE. But if I might Mr. Attorney General, and I appreciate your confusion, the context of that meeting between the Secretary and the President was that the Secretary met with the President to express concern about the accuracy of congressional testimony that dealt with precisely this question and the question was, in effect, what knowledge U.S. officials had had of the shipment at that time, and so if I am not mistaken, what the Secretary was relating to you on the morning of November 22d was that the President had told him that he was, in fact, aware in November 1985 that there was going to be a HAWK shipment.

Would that be a fair conclusion to draw from the context?

Attorney General MEESE. That is possible, but I am just not absolutely positive either from my reaction or from the notes.

Mr. VAN CLEVE. I believe earlier today you were asked another question about your meeting with Secretary Shultz, and that was whether or not the subject of the involvement of Southern Air Transport had been raised at the meeting with Secretary Shultz, and my recollection is you said that you did not recall that subject having come up.

Am I correct about that?

Attorney General MEESE. That was my recollection, yes. And I am looking through the notes and I don't see any—any particular reference to that.

Mr. VAN CLEVE. I might just note for the record here that the committee has previously released the deposition of Judge Sofaer, the State Department legal adviser, which was taken June 18, 1987, and at page 68 of that deposition, Judge Sofaer makes the following statement in response to a question.

The question is on the general subject of the diversion and the question is, "and did that lead you to conclude that there was probably a surplus of funds that had been generated in this transaction?"

Answer, "I didn't conclude anything, but it led me to mention to the Secretary on Saturday the 22d at the end of the meeting with him after he had spoken to the Attorney General that I was very concerned about the possibility that there was a surplus of funds and that I had no idea how it was used but that I was also concerned about the presence of Southern Air Transport in the picture."

Then Judge Sofaer makes it clear, on page 69, that he was not present at your meeting and that this discussion occurred after you had left. So I think that probably reinforces your recollection on that subject.

Chairman INOUYE. Mr. Van Cleve, may I interrupt? The House is presently on a roll call. This will explain the absence of House members.

Please proceed.

Mr. VAN CLEVE. Mr. Attorney General, I apologize for the delay while I am shuffling paper here. I want to ask some very specific questions now about the relationship between your prior legal advice, that is, the advice you gave with respect to the January, 1986 Finding, and the activities of the weekend of November 21st to the 24th, 1986. The first question is this—you testified earlier that you weren't informed prior to November 1986 with respect to these 1985 arms shipments; is that correct?

Attorney General MEESE. That is correct.

Mr. VAN CLEVE. And it, therefore, follows that you never expressed an opinion as to the legality of those transactions prior to November 25, 1986; correct?

Attorney General MEESE. That is my recollection, yes.

Mr. VAN CLEVE. And the oral legal opinion that you did render in January, 1986 was directed to and solely confined to certain aspects of the 1986 arms shipments; correct?

Attorney General MEESE. That is correct to the prospective arms transfers, which were discussed at the meeting on the 7th of January as part of the total Iranian initiative, yes.

Mr. VAN CLEVE. And after you became Attorney General, if I understood your earlier testimony correctly, you never were asked to and you never gave legal advice to anyone in the administration on the legality of using excess proceeds from the sales of U.S. arms for any purpose on or before November 25, 1986; correct?

Attorney General MEESE. That is correct. As a matter of fact, I didn't know of any such thing or of any contemplation of any such thing and had I been asked for my opinion, I would have advised strongly against it.

Mr. VAN CLEVE. In short, during the weekend of November 21 through 24, 1986, during your factfinding inquiry, in other words, you weren't asked to assemble facts concerning which you had given prior legal advice, were you?

Attorney General MEESE. I was asked to assemble facts as to the Iranian initiative about which I had given legal advice in January of 1986.

Mr. VAN CLEVE. But if I, so the record is clear, the principal factual uncertainties that you were asked to take a look at really dealt with the 1985 period, isn't that correct? That was where people's memories were haziest, that's where the documents were the least clear?

Attorney General MEESE. My understanding was that the factual overview had to do with the entire Iranian initiative, but you are correct in the sense that the memories seemed to be least clear as to what had happened in 1985 about which we had very little knowledge up until I commenced the inquiry over that weekend.

Mr. VAN CLEVE. There have been some suggestions, and I want to personally disassociate myself from these suggestions, that potential for conflict of interest in your factfinding existed because of your close personal relationship with the President. And I have a series of questions for you about that.

The first question is: is it the case that there were a very limited number of people in the Government at the time that your inquiry took place who could have conducted the investigation, given the fact that there was still concern about the lives of the hostages and a continuing relationship with the second channel in Iran?

Attorney General MEESE. Yes, I think that is true. It would obviously fall to one of the people who were already knowledgeable about the general picture or had some knowledge, of that situation.

Mr. **Van Cleve**. And is it also the case that it is a traditional function of the Attorney General serving as the attorney for the President to conduct this kind of factfinding review?

Attorney General **Meese**. Well, I am not sure that this particular type of factfinding review has been engaged in before on a topic similar to this, but certainly these types of reviews in the past, there have been plenty of precedent for that.

Mr. **Van Cleve**. And further, I think it is important to be aware that the Independent Counsel statute, which I gather will probably be a subject of discussion later on in the course of your testimony, and which might be thought of as a political conflict of interest statute of sorts, specifically recognizes the key role of the Attorney General in finding basic facts even in cases where there is, according to the statute, a clear potential for conflict.

Is that a fair description of the statute?

Attorney General **Meese**. Well, the Independent Counsel statute is a statute which provides an opportunity for a separate investigation where there is certain legal and factual predicates achieved, so that, in effect, the top officials in the government are not investigating themselves.

Mr. **Van Cleve**. But even in cases where the factual and legal predicates clearly exist, the statute specifically requires that the Attorney General be involved in conducting the basic inquiry that leads to the appointment, isn't that correct?

Attorney General **Meese**. Yes. I misunderstood your question. Yes, that is correct.

Mr. **Van Cleve**. And if it is the case, the statute mandates that type of role for the Attorney General even in cases where Congress has, in effect, said we regard this as a conflict of interest situation, then it seems to me to follow that in a situation such as the one that you faced in November 1986, you would have been well within the purview of the provisions of that kind of a notion of conflict of interest in undertaking the inquiry which you undertook.

Would you agree with that?

Attorney General **Meese**. Yes, counsel, I think I do, if I understand your question correctly.

Let me say this, that it was clear to me from the outset on the 25th of November 1986 that if there was to be a criminal—if there was a basis for further criminal investigation, it was highly likely, highly probable that an Independent Counsel would be needed because of the closeness of this situation within the White House itself, the National Security staff and so on, and I discussed that with some of my senior colleagues in the Department of Justice at the time that that was the case.

Had it been different, had, for example, it been otherwise that it was probable that we would retain that case in the Justice Department, there would be a Justice Department investigation ongoing as opposed to an Independent Counsel investigation, then I would undoubtedly have recused myself ultimately from the Justice Department investigation not because of any conflict of interest, but because I was, in fact, a fact witness to some of the events that took place.

Mr. VAN CLEVE. I wanted to return, if I might, briefly to a subject about which you testified very briefly earlier, and that is exhibit 63. Would you please turn to that?

Attorney General MEESE. I have it.

Mr. VAN CLEVE. This is a draft memorandum which doesn't have a date and which is identified as to authorship only by initials, but I take it these were the initials of a couple of Justice Department employees.

The first question I wanted to ask you is: had you ever seen this document before it was sent to you yesterday?

Attorney General MEESE. No, sir, I did not.

Mr. VAN CLEVE. And have you had an opportunity to review it at all?

Attorney General MEESE. I have glanced at it, I have not had a chance to study it carefully.

Mr. VAN CLEVE. I take it, then, it would be fair to say that the contents of the document don't reflect your opinions.

Attorney General MEESE. I don't know whether they do or not since I haven't had a chance to study it, but there is no reason to believe that they do or don't really.

Mr. VAN CLEVE. I understand. I had a couple of additional factual questions that concern the investigation of Southern Air Transport. Now, your opening statement referred to the circumstances under which Admiral Poindexter contacted you and asked for a delay in the pending investigation of Southern Air Transport, and I had some specific questions about your conversations with Admiral Poindexter on that subject. And the first one was: did Admiral Poindexter ever tell you during those conversations that Southern Air Transport, to his knowledge, was involved in the Contra resupply operation in some fashion?

Attorney General MEESE. I don't believe that that was discussed at all in his conversation with me. His conversation with me was more to determine whether there could be a brief delay in the visits of FBI agents, as I recall, to Southern Air Transport's headquarters or one of their offices, because my impression was that the people involved who were to be interviewed or were to produce records, whatever it was entailed, were needed because of a critical aspect of the Iranian initiative, and that—this occurred before any of this had been made public, and this was the only aspect that I knew of, and it was on that basis that I said that, as I mentioned in my opening statement, that we could not do anything to impede or interfere with the investigation, but that if a temporary delay in that particular phase, where I believe he wanted 10 days, could be undertaken to the satisfaction of the FBI without in any way weakening or damaging their investigation, that that would be agreeable to me.

So that is why I did commence through the usual channels the inquiries to the FBI, and I think perhaps the best way to give the full picture is to make reference to the memorandum that was made at the time by William Webster, the Director of the FBI, and I believe you have that as an exhibit.

That memorandum, dated the 31st of October, 1986, to Mr. Clark, who is the head of Investigations, Criminal Investigations in the FBI, says regarding Southern Air Transport, "This confirms my telephone conversation with you late yesterday afternoon. Associate Attorney General Stephen Trott called on the secure line at the request of the Attorney General to ask that we suspend for 10 days any non-urgent work in the Southern Air Transport Neutrality Act investigation. Apparently there is some sensitive hostage negotiations now underway that could possibly be prejudiced. He emphasized that the Attorney General did not want to do anything which would wreck the investigation but simply to present a good climate for the negotiations to the extent possible. You informed me we were just at the preliminary stages and this should present no difficulty. And I would like to know"—he goes on to say, "I would like to know if these instructions create problems for us at any time."

I think that probably memorializes best the general tenor of the conversation which I transmitted through Mr. Trott and the action that was taken, and, of course, the full aspect of the investigations was resumed very shortly thereafter.

Mr. VAN CLEVE. I have just a couple additional questions on that line. The first is: did Admiral Poindexter ever tell you that Colonel North had had dealings with Southern Air Transport through either General Secord or Colonel Dutton?

Attorney General MEESE. No, he did not.

Mr. VAN CLEVE. And as of October 1986 did you personally have any reason to know that White House officials were in one form or another connected with Southern Air Transport?

Attorney General MEESE. Connected in a——

Mr. VAN CLEVE. In the sense they were engaged in the type of operation which has since been testified to, using Southern Air for part of the services?

Attorney General MEESE. No, sir, I do not believe that I knew anything about that at any time prior to November, prior to the inquiries later on in November.

Mr. VAN CLEVE. Mr. Attorney General, I would now like to turn to a different subject, and these questions refer to exhibit 69, which is a legal opinion by the Office of Legal Counsel, the Department of Justice, dated December 17 and entitled "Memorandum for the Attorney General, Re: Legal Authority for Recent Covert Arms Transfers to Iran."

I take it that this memorandum was written after the basic factual structure of the 1985 arms transfers was known, that is, although the committee has certainly heard quite a bit of additional testimony as to the details, the basic outlines, factual outlines, were available when the memorandum was written.

Is that correct?

Attorney General MEESE. I believe that essentially much of the information was available at that time as to the general series of events that had transpired, based upon the different revelations by Colonel North to us, Mr. McFarlane, and by the things that had been included in the congressional briefings and testimony, yes.

Mr. VAN CLEVE. I probably should ask you that question in a different and somewhat more specific way.

Has Mr. Cooper, the author of the memorandum, notified you of any facts which have come to his attention in the last few months which would require him to modify his conclusions?

Attorney General MEESE. No, I do not believe that he has.

Mr. VAN CLEVE. And turning to the last page of this memorandum, which is the conclusion section, this is an analysis—I might mention, for the benefit of the Members—of both the 1985 and 1986 arms transfers that occurred, and the department concludes or Mr. Cooper concludes, "For the foregoing reasons we conclude that a covert intelligence or intelligence-related operation authorized by the President and conducted by members of the NSC staff and/or the CIA could lawfully have included the sale of arms to Iran. Such an operation would have been carried out pursuant to Presidential powers recognized in Sections 101 and 102 of the National Security Act. An oral authorization by the President would have sufficed to allow CIA participation under the Hughes-Ryan amendment. The use of Israel's American-supplied weapons under an arrangement by which Israeli stocks were later replenished appears not to have violated conditions under which American weapons are supplied to Israel."

I want to ask you, Mr. Attorney General, do you agree with those conclusions? Is that the position of the Department of Justice at this time?

Attorney General MEESE. This is a memorandum to me that was based upon certain assumptions that are contained in the opening statement here.

I think we—I'm somewhat guided by the fact that says because the exact details of the transfers have apparently not completely transpired, this memorandum will provide a general framework for analysis with reference only to the basic facts that have already emerged.

So I don't think we can consider this memorandum a definitive opinion on whether specific transactions, whether in '85 or '86, were in fact legal. But it gives a general framework for examining those transactions, rather than a specific conclusion.

Mr. VAN CLEVE. And with that qualification, would you agree with the basic reasoning and conclusions of the memorandum?

Attorney General MEESE. I would agree with the basic conclusion as stated and with that caveat, yes.

Mr. VAN CLEVE. Mr. Attorney General, thank you very much.

Mr. Chairman, I have no further questions.

Chairman HAMILTON. Thank you, counsel.

Chairman INOUYE. The hearing will stand in recess for 10 minutes.

[Recess]

Chairman INOUYE. The hearing will please come to order.

I am pleased to recognize Chairman Rodino.

Mr. RODINO. Thank you very much, Mr. Chairman.

Mr. Attorney General. Attorney General, you have had a longstanding relationship with former Director Casey, had you not?

Attorney General MEESE. I had known Mr. Casey since 1980, January of 1980, yes.

Mr. RODINO. I would note, Mr. Attorney General, that you are quoted in the July 14, 1980 edition of the *Washington Star* as saying, "I discovered Casey. He is a rare brand of Irish humor, experience, and sagacity."

Do you consider him also a personal friend? Was he a personal friend?

Attorney General **Meese**. Yes, he was.

Mr. **Rodino**. Your calendar logs reflect numerous calls and meetings with Mr. Casey over the years, some at his home.

For example, is it fair to say that your professional and social relationship brought you into frequent contact with Director Casey?

Attorney General **Meese**. I would say relatively frequent, yes.

Mr. **Rodino**. The testimony that we have had before the Select Committees has indicated, Mr. Attorney General, that Mr. Casey was aware of the 1985 HAWK shipment roughly contemporaneously, Mr. Casey knew of the diversion before the fact and may even have suggested it. Mr. Casey was shown a diversion memorandum drafted by Colonel North for Presidential approval as early as February 1986. Mr. Casey also spoke to Colonel North several times a week, according to the testimony.

Mr. Casey had specific and detailed knowledge of Contra resupply operations, and Mr. Casey, according to the testimony, told Colonel North that someone senior to him would have to take the hit.

Now, leaving aside, Mr. Attorney General, your numerous contacts with Mr. Casey throughout 1986, you spoke to him, met with him repeatedly during the period November 20 to November 25, through that period, 1986, and I would like to recite: Thursday, November 20, phone call and meeting with others of at least 1 and ½ hours; Friday, November 21, a phone call after your interview of Mr. McFarlane; Saturday, November 22, a morning phone call, an afternoon phone call, and a one-hour meeting at Mr. Casey's home.

The afternoon call from Mr. Casey came just 6 minutes after Colonel North called you. That day, I would note, the diversion memo was discovered at the White House. Then again on Monday, November 24, a meeting with Casey and others.

Tuesday, November 25, a 6:30 a.m. phone call and subsequent meeting at Casey's home.

Now, Mr. Attorney General, is it your testimony that Director Casey, a friend and colleague of some years and of some consequence did not share with you any of his extensive knowledge about the 1985 arms sales, the diversion to the Contras, Colonel North's activities at any time throughout the 1986 until he talked with you the morning of November 25, when he told you Mr. Regan told him of the diversion?

Attorney General **Meese**. That was the first time that he told me of any matter pertaining to the diversion of funds that we have been discussing here, yes, sir.

Mr. **Rodino**. I have got to conclude from that, Mr. Attorney General, that you are saying that Director Casey knowingly withheld vital information from you and your inquiry knowing that you on November 25 already had started your inquiry?

Attorney General **Meese**. Mr. Rodino, I have no basis on which to conclude that. Throughout his life and my knowledge of Bill Casey from 1980 to 1987 when he passed away, I always knew Bill Casey to be an honorable man, and I have no information personally that anything he told me was other than the truth.

Mr. **Rodino**. But I recited to you a set of facts which have been testified to which Director Casey knew of. My question to you is:

did he then knowingly withhold this information from you at a time when he knew you were conducting your inquiry?

Attorney General MEESE. Well, you are talking about facts that have been related to you by other people. Bill Casey has never been before this group to defend himself, so I can't make a judgment on what he withheld or didn't withhold. I only know what he did tell me.

Mr. RODINO. OK.

Let's go on, Mr. Attorney General.

Just hours before visiting CIA Director Casey at his home on November 22, 1986, you had learned of the diversion memorandum found in Colonel North's White House office which said $12 million from the Iran arms sales would be sent to the Contras. Casey told you at that time that the Iranian intermediaries were still owed $10 million they had advanced on arm sales and were threatening to expose the administration's secret arms deals with Iran and possible funding of other projects.

And according to Secretary Shultz's testimony and notes of his various meetings, he told you that day that he believed there was an overlap between the Iran sales and the Contras.

I have got—ask in view of that fact, Mr. Attorney General, how it was possible for you, in view of the information you had already, knowing that you were conducting an inquiry, how you could fail to ask Director Casey a question concerning that very problem of Iran funding?

Attorney General MEESE. Well, first of all, Mr. Rodino, your facts are not correct. I had no information from Secretary Shultz at all about any concern or knowledge that he had of any overlap between the Iranian initiative and the Contra funding. That was not in any way discussed that I can recall at the meeting that I had with Secretary Shultz that morning, and indeed, to the best of my knowledge, that was never discussed with Secretary Shultz prior to the discussions we had in the President's office on Tuesday, the 25th of November.

Furthermore, I had heard of the memorandum that you describe. I had not seen the memorandum and did not know the details. As a matter of fact, I didn't see that memorandum until the following morning, and as I previously testified, I believe in answer to questions by Mr. Nields, I had deliberately not talked to Mr. Casey about that until such time as I would have the opportunity to read the memorandum and talk to Colonel North and know what the whole situation was about.

Mr. RODINO. The question that I have to ask again Mr. Attorney General, and I ask it of myself as I ask it of you, is how would it have been possible for you not to have asked Director Casey, after having had some knowledge of these matters, when you knew that you were responsible for conducting a factfinding inquiry?

Attorney General MEESE. Mr. Rodino, as I indicated earlier, both in response to you and to Mr. Nields, I first wanted to find out what this whole Iranian-Contra link, if there was one, was all about. All I had received at that time was verbal information that there was such a memorandum. I had not had the opportunity to see the memorandum, I knew nothing of the details, and had known that the person that seemed to know the most about it would be Colonel North, and, therefore, I made the conscious decision not to talk to Mr. Casey or anyone else about it until we had found the facts from Colonel North. Obviously, had there been any indication that Mr. Casey knew of it, or maybe just to determine whether he knew about it, I would have questioned him further about it after finding out the facts from Colonel North and after seeing the document.

In fact, the events of Monday eclipsed that because it was Mr. Casey himself who told me on Tuesday morning that he had known nothing about it.

Mr. RODINO. Mr. Attorney General, you have talked about the factfinding process, and you have repeatedly referred to it as such and not as an investigation. You have also said in public statements that you were conducting the inquiry as a Presidential adviser and not the chief law enforcement officer of the country.

In your deposition, you said you were acting as the legal adviser to the President and when Colonel North testified before this committee, he stated that you were conducting your inquiry in some cases he characterized it as a friend of the President and as a confidant and adviser to the President. Admiral Poindexter described you as wearing two hats.

My question to you is: did you tell Colonel North or Admiral Poindexter that you were acting merely in the capacity as a friend of the President?

Attorney General MEESE. No, sir, I never used that characterization. I told them the same thing as I have told this committee, and I told each the person with whom I dealt and that was that the President had asked me to conduct a brief review or a quick review to provide an overview of the facts surrounding the Iranian initiative.

Mr. RODINO. Mr. Attorney General, you keep talking about a quick review, and I am puzzled—knowing the enormity of the problem that you had to deal with, weren't you, weren't there some signals being sent to you that this was going to necessitate more than a quick review?

Attorney General MEESE. Well, Mr. Rodino, as I mentioned, I was asked if I could pull together the facts in time for a meeting on Monday, the 24th of November, and I was requested to do this approximately at noon on Friday, the 21st of November, so that was a very brief period of time, approximately 72 hours, and that is why I have characterized it as what it was. I was not meant—that is why I have been careful not to use the word "investigation." It was not an in-depth investigation as you would do if you were developing a case for litigation or something like that, but it was an overview to try to find out what the facts were and to present that to the President.

Mr. RODINO. Mr. Attorney General, in response to press questions at your November 25, 1986 press conference, you said, "I will say this. I think every member of the administration owes it to the President to stand shoulder to shoulder with him and support the policies that he has, the policy decisions he has made, as well as to stand by him when something has happened which the President didn't know."

My question to you, Mr. Attorney General, were you suggesting, knowing that you were going to be an independent impartial enforcer of the law, an investigator, if you will, how could you stand shoulder to shoulder, ask anyone to stand shoulder to shoulder with anyone in support of the President's policies?

Attorney General MEESE. Mr. Rodino, I think I would have to find out the context in which that question was asked and what the question was that I was answering, and I am looking now. Do you have a citation as to where that appears in the press conference?

Mr. RODINO. It is at your press conference of November 25th.

Attorney General MEESE. I know the date, and I know the place. I am just wondering where in the press conference it is. I think we referred to that as exhibit—perhaps Mr. Nields could be of assistance here in identifying the exhibit and the spot.

Mr. RODINO. Well, we will move on to that.

Attorney General MEESE. Let me say, because I think it is important, what was the question that that was responding to, Mr. Rodino?

Mr. RODINO. The question is your statement that you make about standing shoulder to shoulder with him, meaning the President and supporting the policies that he has, and my question is that how can you be an independent enforcer of the law and suggest to those whom you might be then investigating that they should stand shoulder to shoulder with the President and tell a witness to do so?

Attorney General MEESE. I was never talking to any witness in that press conference. I was talking to members of the press, and I believe the question had to do with what members of the Cabinet should do in regard to the President's policies, it had nothing to do with witnesses or law enforcement. It was a totally different question. That is why I am trying to find the context.

Mr. RODINO. You were going to be interviewing or at least even though it was a factfinding inquiry, you were going to be interviewing Cabinet members as well?

Attorney General MEESE. Mr. Rodino, this was after that factfinding weekend was over. This was the news conference on Tuesday, the 25th, and I had already done the factfinding which revealed this possible diversion of money to the Contras.

Mr. RODINO. Your investigation was not complete at that time, was it, Mr. Meese?

Attorney General MEESE. The inquiry was pretty much over because we had found this rather astounding piece of information and that would then be the basis for a criminal investigation, among other things, which would be taken on by others. But at the time that I was talking in the abstract to the press, it had nothing to do with law enforcement, criminal investigation, or talking to witnesses; it was, I believe, an abstract question that somebody had asked me in regard to the role of Cabinet members vis-a-vis the policies of the President.

Mr. RODINO. Well, I am still puzzled, because it would suggest to me that this was almost like a signal being sent to people who would later on be interviewed at a later date by the Criminal Division.

Attorney General MEESE. In no way was it a signal to anyone who was going to be interviewed by the Criminal Division.

Mr. RODINO. It could be construed as such?

Attorney General MEESE. Not to anyone who understood what I was saying. And I might say also that this was an abstract question related I think to something relating to Cabinet members and how they should follow or oppose the policies of the President, and I believe my statement was that a person, in essence, should follow the policy of the President or if they couldn't, then they should resign from the administration, and I feel that today as far as Cabinet members are concerned. It had to do with policy matters and nothing to do with law enforcement or criminal matters.

Mr. RODINO. Can you tell the committee why you took no notes during your interview of Admiral Poindexter and your discussions with Vice President Bush, Secretary Weinberger, and CIA Director Casey? You were conducting an inquiry for the President. I think it was important for you to take notes.

Attorney General MEESE. Well, at the time that I talked with each of them, it was a very brief discussion. I recall the details of the conversation, it was so brief and in most cases it was just a casual conversation, certainly with Director Casey it was not any part of the inquiry as such, but was rather a casual conversation.

I did on those matters where there were what you might call formal or informal interviews of detailed conversation that took more than a few minutes, then we had someone taking notes.

Mr. RODINO. But during that period from when you were delegated or designated to conduct that factfinding inquiry, weren't all of your interviews important and essential, and wouldn't notes establish afterwards for you a basis for whatever you would find?

Attorney General MEESE. I did, Mr. Rodino I obviously took notes of those things which were long and complicated. It was our plan actually, to develop an outline of the facts. And as I say, this was kind of eclipsed by the discovery that we made that put the whole thing into a different mode.

Mr. RODINO. Mr. Attorney General, we have talked a bit and you have testified this morning about why you didn't use the Criminal Division, and you do know that there have been news accounts, people have stated—former high-ranking Justice Department officials, both of this administration and previous administrations, have criticized the political team you have put together to conduct the inquiry and your failure to use any career attorneys in the Criminal Division.

They have pointed out that if you had used experienced career investigators, they would be more sensitive to the situation, to the fact that you were conducting at a later date a very, very important investigation which might be considered as being handled politically instead.

Didn't you think it was necessary for you to conduct the inquiry with a team of career employees, rather than the political allies you designated?

Attorney General MEESE. I didn't have political allies Mr. Rodino; I had competent people who were the most experienced people on this subject matter in the Department of Justice.

At no time I think was there contemplation by anyone that there was any reason to bring in the Criminal Division, and so the people that I brought were those who were the most experienced on the issues that were being looked into, namely, the national security issues.

As I mentioned earlier, I brought in Mr. Cooper, the head of—who is not any more political in his appointment than is the head of the Criminal Division. They are both appointed by the President and confirmed by the Senate.

Mr. Cooper was the head of the division of the Department of Justice that has the specific responsibility for dealing with the issues about which we were finding the facts, namely, national security issues.

I brought in Mr. Reynolds, who likewise is an appointee of the President, confirmed by the Senate, who was knowledgeable not only as a long-time expert trial lawyer who was considerably experienced in complex litigation and would have the personal skills to participate in this kind of a factfinding inquiry, but also had done a number of projects for me in the national security area in which he had looked into the relationship between the various working groups that are a part of the national security process. So his background knowledge was, of course, important.

I also brought into it Mr. Richardson, who was a trusted member of the Department of Justice in matters relating to foreign intelligence and who had had that background.

So actually what I did, Mr. Rodino, was to pull together the people who had the most knowledge about this subject or who had the best experience in the Department of Justice to participate in this factfinding inquiry.

Mr. RODINO. However, I might point out, and I'm sure you are aware, that there have been law enforcement officials in your own department who have stated to the committee that the evidence appropriately called for bringing the Criminal Division in earlier and as a result, I suppose, now this criticism of your having brought in a political team.

On reflection, do you think you might have done otherwise?

Attorney General MEESE. I don't know of any member of my department who has made that criticism.

If you have any knowledge of that, I would like to see the deposition and find out who it is who has made a statement. Is there such a person?

Mr. RODINO. We will go on and I can assure you that we have that testimony.

Attorney General MEESE. I think I'm entitled to see who it is and what the basis is for their knowledge and experience in this matter, because no one that I know of who has looked at this situation has made that criticism.

Quite the contrary, Director Webster, then director of the FBI, concurred in my judgments as to how this should be handled. And subsequent to that, the leadership of the FBI, the top leadership, said that to a person the FBI leadership felt that I had made no mistakes and had made no errors in the way that I conducted that investigation.

So if you have contrary information Mr. Rodino, I would certainly like to see it.

Mr. Rodino. Well, we will show it to you.

Attorney General Meese. I would like to see it and, if there is no such information, I would like that statement retracted, because there has been a lot of criticism that has been attributed to anonymous sources in the news media.

Quite frankly, I think that on that weekend the team that I put together did a pretty fine job. It is as a result of their efforts that this whole matter was discovered, was made available to the Congress and made available to the American people, and it is as a result of their efforts that this whole series of hearings has been available to be conducted.

Mr. Rodino. Mr. Attorney General, let me read you a portion of Mr. Weld's deposition.

"You stated that you expressed your feelings rather strongly. Can you give us a sense of what you said?

"My exact words, as best I can recall, were I'm not sure it makes very much sense for the Criminal Division and the FBI not to be involved in this."

Attorney General Meese. Could I see the deposition? Is there a copy of that available?

Mr. Cheney. Mr. Chairman.

Chairman Inouye. Mr. Cheney.

Mr. Cheney. I would like to ask that copies of this be made available to everybody. I don't believe we have a copy.

Mr. Rodino. This is a deposition of Mr. William Weld and the deposition was taken on July 16, 1987, and I am going to move, Mr. Chairman, that the deposition of Mr. William Weld taken July 16, 1987, be marked as an exhibit and included on the record.

Mr. Cheney. Mr. Chairman.

Chairman Inouye. Mr. Cheney.

Mr. Cheney. I would object to that request until the members have a copy of the deposition.

Chairman Inouye. I can assure the Ranking Member that before the matter is placed into the record, it will have to be cleared and approved by the leadership.

Mr. Cheney. Mr. Chairman, perhaps the gentleman, Mr. Rodino, would withhold his request until we have an opportunity to see the deposition and then he can make that unanimous consent request later today.

Chairman Inouye. I believe your suggestion is a valid one.

May I suggest that copies be made immediately.

Mr. Cheney. Thank you.

Mr. Rodino. Mr. Chairman, we will move on and I will defer my motion until later, but——

Attorney General Meese. I would like to answer the question though Mr. Rodino, because I have now looked at this, and this has to do with a meeting that was held on Friday, November 21st, at 8:30, where I was not present. But I have since talked to Mr. Weld about this statement because he asked to see me and to explain what he was trying to tell the committee, and he said that he was not talking about the inquiry which I was going to conduct later because he didn't even know about it at that time, nor, as a matter of fact, did I at that hour of the day on the 21st.

It wasn't until that noontime, sometime after that meeting that the President asked me to conduct that inquiry. And what he was talking about was a totally different investigation, the so-called Evans investigation out of New York, which was a separate Iranian arms smuggling investigation in which the Criminal Division was very much involved.

So it really has nothing to do with the investigation you are talking about that I conducted, or the inquiry.

Mr. COHEN. I could just ask you to yield for just a minute.

Mr. RODINO. I yield to the gentleman

Mr. COHEN. May I just inquire as to whether or not that meeting on November 21st at which the Assistant Attorney, General had the meeting—you were not present.

Attorney General MEESE. I was not present.

Mr. COHEN. There was a discussion that took place about the need for his recommendation was to have the Criminal Division handle that, and then on the following Monday I believe you had a conversation with what is his name—Mr. Weld in which you advised him as to why it was not inadvertent that the Criminal Division was not involved; is that correct?

Attorney General MEESE. I think we are talking about two different things.

My understanding is that on Friday Mr. Weld was referring to the aspects of the Evans investigation and, as a matter of fact, I'm sure he was not referring to the factfinding inquiry that I was involved in, because on the 22d of November his own Criminal Division had come up with a memorandum saying that there were no criminal offenses involved in the Iranian situation as they understood it and so there would be no basis for the Criminal Division to be involved.

Mr. COHEN. The only problem was that during the period from Friday through Monday there was a discussion about diversion which you immediately recognized as being a serious, potentially explosive problem, which was never conveyed to him at all.

Attorney General MEESE. It was indeed. It was conveyed to him.

Mr. COHEN. On Monday?

Attorney General MEESE. It was conveyed to him. I'm not sure whether it was on Monday or Tuesday when we had finished, but certainly Mr. Weld was brought into it as soon as there appeared to be a possibility of a criminal offense, which I believe was on Tuesday, the 25th.

On Monday, the 24th, I had asked Mr. Cooper, based on the facts that we knew, to see if there was any possible criminal law violation. Mr. Cooper reported to me he thought there was enough that we could at least bring in the Criminal Division, and on Tuesday, the 25th, Mr. Weld was asked to look to see whether he felt there might be any criminal involvement.

He wasn't sure, and so his people worked all afternoon and by evening came up with the basis that they felt there was, while it was slim, there was enough to proceed with an initial criminal investigation.

So there was at no time any attempt to keep the Criminal Division out of anything that had criminal implications.

Mr. RODINO. Mr. Chairman, we will move on and when I make that motion for the deposition to be made an exhibit and part of this I will also rely on the deposition and I think that will settle it.

I am sure that Mr. Weld will be able to speak for himself through that deposition.

Mr. Attorney General, you have testified in your deposition that you were aware of the Judiciary Committee independent counsel request of October 17, 1986, regarding the Hasenfus flight.

You also knew that the Criminal Division was conducting an inquiry based on that request and that request specifically named the Vice President, Director Casey, Secretary Weinberger, Admiral Poindexter, and Oliver North as individuals to be investigated.

All these individuals were on your list to be interviewed during your factfinding inquiry, as well.

Didn't the fact that the Criminal Division had an inquiry underway already raise concerns in your mind at the outset about the propriety of speaking to these individuals without criminal investigators present?

I know you have had lots of criminal experience conducting investigations. Didn't you think that that was the proper thing?

Attorney General MEESE. It never was raised at all, Mr. Rodino, because there was absolutely no connection whatsoever at all between the factfinding I was doing relating to Iran and the investigation which was proceeding in the Criminal Division, which had to do with Central America or South America.

Mr. RODINO. Mr. Attorney General, didn't you know of possible connections, for example, and I recite: you knew Colonel North—and this is according to your depositions—handled both the Iran and Contra accounts at the NSC; you knew Admiral Poindexter, who was involved in the arms sales had called you to delay the Southern Air Transport investigation on the basis of the Iran situation; and on Friday, November 21, Mr. Reynolds notes indicate and department officials discussed the possibility that TOWs were redirected to the Contras; on November 22, according to Secretary Shultz's notes, he expressed concern to you about the relationship between the arms sales and the Contras because of the involvement of Southern Air.

Now, it seems to me that all of these had some connection and might have raised some concerns with you.

Attorney General MEESE. Mr. Rodino, I think you have got things mixed up here.

Mr. RODINO. I don't have them mixed up, I am just reciting facts, Mr. Attorney General.

Attorney General MEESE. I think it has been brought out in testimony today. Secretary Shultz's notes that you refer to had nothing to do with a meeting with me, that was a meeting that he had with Mr. Sofaer and his legal adviser at a time after the meeting he had with me, so this had nothing to do with anything that I knew about or that took place while I was present.

Furthermore, the Southern Air Transport investigation, I knew none of the details of that. I merely referred it to the FBI so they could determine whether or not their investigation could be temporarily delayed.

I had no knowledge myself of how that connected with any of these other events, and to my mind and to the best of the knowledge of anyone else who was there as we discussed this, including Director Webster, there was absolutely no connection between the Iranian initiative about which we were asked to do a factfinding inquiry and any other criminal investigation taking place in the Department.

Mr. RODINO. Well, Mr. Attorney General, I am going to read to you from a deposition that was taken of Secretary of State Shultz by Mr. Belnick, and this is a matter of public record. "The notes of your interview . . ."—this is Mr. Belnick talking to the Secretary. "The notes of your interview with the Attorney General reflect, among other things, your expressing the concern to him on that Saturday night that this Iran matter, or fear that this Iran matter would somehow get wrapped into aid to the Nicaraguan Resistance. What was the basis for that fear that you expressed on Saturday, the 22d?"

Secretary Shultz: "Because somebody had pointed out to me that the—I think it is the Southern Air Transport was used in the Central American situation and also in terms of the flights of arms and so I said, 'well, my gosh, if this gets connected, then we are going to have a problem with our policy in Central America.' "

Attorney General MEESE. I don't believe that was ever stated at any meeting with me. I don't have the document, I don't believe, you are reading from. Can I have a copy of that deposition?

Mr. RODINO. This is public testimony, and this is a public record.

Attorney General MEESE. I was not here when that was given, Mr. Rodino, and I would like to see a copy of it before I respond to something that I have no idea what you are quoting from or what the context of the question was. I can only tell you that I have——

Mr. RODINO. I am quoting Secretary of State Shultz's deposition.

Mr. COURTER. Mr. Chairman, Mr. Chairman.

Chairman INOUYE. Mr. Rodino, do you yield?

Mr. COURTER. I have a parliamentary inquiry, Mr. Chairman.

Chairman INOUYE. Will you state it?

Mr. COURTER. I am just wondering whether it is the accepted rules of this committee if depositions are cited that the witness out of fairness be given an opportunity to look at those depositions.

Chairman INOUYE. We have permitted this throughout the hearings.

Mr. RODINO. Mr. Chairman, I regret that I referred to it as a deposition. This is public testimony before this committee.

Mr. COURTER. Mr. Chairman, I think the same goes with public testimony. I think out of fairness, the witness should be given an opportunity to look at those statements.

Chairman INOUYE. The Congressman is correct. The witness should be given a copy to look over.

Mr. COURTER. Thank you, Mr. Chairman.

Chairman INOUYE. The clerk will take a copy to the witness.

Attorney General MEESE. I see the statement of the Secretary of State in this transcript, Mr. Rodino, but I have looked at the notes that I have taken, or that were taken by Mr. Cooper at the time of my meeting with Secretary Shultz, and I have looked at the notes that were taken, I believe, by Mr. Hill, and I find no reference to that.

And I have no recollection that there was such a conversation with me.

Mr. Rodino. That is your response?

Attorney General Meese. And I believe that there was previous testimony here in this session this afternoon which indicated that, and which would clear up the matter, that Mr. Belnick was apparently in error when he talked about notes of the interview with the Attorney General and that rather those were notes of a meeting with Mr. Sofaer, the legal adviser of the State Department at a meeting after the one in which I took place.

So I think in order to resolve this, the only way to do it would be to look at the respective notes of those two meetings.

Mr. Rodino. Mr. Attorney General, moving on to another area, the Select Committees have sent you six letters dating from January 20, 1987, seeking Department of Justice documents. These letters are in addition to the letter I sent you last December as chairman of the Judiciary Committee seeking these same materials in preparation for these hearings.

Yet I have got to point out we still have not received all the documents we have requested. Other materials have been provided only within the past few days.

Moreover, still other documents have been produced only in heavily redacted form.

This non-production, delayed production, and non-compliance with committee requests over a 6-month period has made witness interviews difficult, made it possibile that some witnesses will have to be reinterviewed and this has complicated our preparation for your testimony.

I would like to point out the July 7 response from the Department is particularly illustrative of what I have just said. It states that documents have been provided when they have not; notes that only now are some Department officials files being reviewed for relevant documents, wherein these have been now, I guess, pending for six months; refuses to provide unredacted copies of your logs, calendars and notes, and erroneously blames the Independent Counsel Walsh for delays in production.

The July 22 response that we received from the Department is similar. It confirms that previously requested documents are only now being made available despite having been requested months ago.

And I want to give you some examples. The Department's July 7 letter states that the committees have received copies of, quote, "all entries" in your logs that relate to our investigation. Yet, when the committee staff went to the Department to review the unredacted copies of the log, after Chairman Hamilton insisted that they be permitted to do so, they found numerous relevant entries that had been redacted.

For example, a handwritten log of November 24, 1986, which was not provided at all, included phone calls to Don Regan, the Vice President, Bud McFarlane, and John Poindexter; a handwritten telephone log of November 26 also was not provided at all. Included on it were the following phone calls: three with Director Casey, one with Don Regan, one with Ross Perot, and one with Judge Webster.

Other records of phone calls which were either not provided at all or which were redacted, included phone calls with Admiral Poindexter, Colonel North, Terry Slease, Ross Perot, and others. Why weren't these entries not initially provided when redacted copies of your logs were delivered to the committee?

And it seems to me that, and I have got to note this for the record, Mr. Meese, that other Cabinet officials have made documents available to us without being redacted, and I am sure that they have had to deal with as sensitive matters as you have had.

Attorney General MEESE. Well, Mr. Rodino, all I know is that you must have received the information or you wouldn't have it in front of you right now. But I know that we have provided all the information that we possibly could.

There may be that from time to time, because of the fact that all of the information that we have has to be reviewed at least by the Independent Counsel to make sure that public exposition of it will not interfere with the Independent Counsel's investigation, but I know that everyone in our Department has cooperated to the maximum.

I might say that in the course of the last 6 months, 39 of our present and former Department of Justice employees have been questioned by the committee, they have engaged in some 30 interviews with representatives of the committees, they have provided 17 depositions, there have been a total of 146 hours of meetings with members of the committee or representatives of the committee, not including the public testimony.

In addition, we have provided the depositions and we have in addition to that provided something in excess of 36,000 pages of documents to the committee.

Now, I don't understand what the problem is, but if there is a problem, I would certainly hope that the committee counsel would consult with Mr. Bolton of my office so that that could be corrected.

But to the best of our knowledge, we have fully complied with everything the committee has requested. I myself have testified some six times including this session, and I know that there has been a spirit of cooperation among all elements of the Department of Justice to provide all the information that this committee might need.

I met personally with Mr. Inouye and Mr. Hamilton at various times on this subject, and so there certainly is a desire to cooperate. And if the chairman of either committee feels there is a problem, I would certainly be happy to have Mr. Bolton of my office meet with your counsel and get it remedied, but to the best of my knowledge, until you mentioned it today, Mr. Rodino, on information you apparently already have, I didn't know there was any problem.

Mr. RODINO. Well, there has been a problem, and it has been a continuing problem, Mr. Attorney General. As a matter of fact, I would like to state that—and this you will appreciate—committees repeatedly had asked for a list of the specific steps DOJ has taken to secure all relevant materials in DOJ and copies of any written directives regarding document preservation.

On July 7, we received a letter, and there was a statement relative to that request, and it is a conclusory, nonspecific response. It says, I quote: "Each component of the Department took whatever steps were necessary to preserve its documents. But we received no written directives. They were not provided to us."

That hardly seems to me to be in response, Mr. Attorney General, to the request that we have made. And since you say you are going to provide them, are the requests that we have made which haven't been fulfilled, are you ready to provide them before we terminate this inquiry?

Attorney General **Meese**. I don't know of any requests that have not been fulfilled, and as I mentioned to the chairman of the two committees, if your committee counsel would advise Mr. Bolton of my office, I am sure that any unfulfilled request will be immediately complied with, but I know of no unfulfilled requests at this time.

Mr. **Rodino**. Well, I will furnish this to you, but I will tell you we have not received Bolton's notes, all INS records requested, telephone toll records of Miami-U.S. Attorney's Office, Reynolds' calendars, and telephone logs and message sheets, originals of Richardson's notes to check for improper redactions, which we have got, and frankly we are not able to understand.

Attorney General **Meese**. Well, I believe Mr. Richardson's notes are an exhibit here, and we have been referring to them all day long. I don't notice any redactions on those notes. But as I say, if there is something the committees would like, we certainly would like to provide it.

Mr. **Rodino**. Mr. Chairman, how much time do I have remaining?

Chairman **Inouye**. You have 22 minutes, Mr. Chairman.

May I make an announcement at this juncture? I have been advised by the counsel of this committee that the references to which Mr. Rodino referred are, in fact, in Mr. Hill's notes of the interview of Secretary Shultz's by the Attorney General, and we will be pleased to point out, point these out to the Attorney General at the overnight recess, and Mr. Rodino, if he wishes, may examine them as he chooses. And Mr. Rodino, you have 22 minutes remaining.

Mr. **Rodino**. I am going to ask one other question, and then I am going to reserve the balance of my time.

Mr. Attorney General, when you state that Mr. Webster agreed with you that criminal investigation was inappropriate, was that based on a detailed discussion with the Director about the facts in your possession at the time, or was this only a casual conversation with the Director that didn't go into the specifics of the inquiry?

Attorney General **Meese**. It was a conversation in which I related what I was being asked to do by the President, and actually I had very few facts in my possession at that time as we had not even commenced the factfinding inquiry.

Mr. **Rodino**. Well, I would just like to point out, Mr. Attorney General, that your own deposition points out, and I don't think I went into specific details about it other than what I mentioned, that different people had remembered different parts of it.

Attorney General MEESE. Yes, and that's basically what I knew at that time and was the basis on which the President asked me to initiate the factfinding inquiry to find out what the facts were.

Mr. RODINO. Mr. Attorney General, thank you. I am going to reserve the balance of my time.

Attorney General MEESE. Thank you, Mr. Rodino.

Chairman INOUYE. The Chair recognizes Mr. McCollum.

Mr. MCCOLLUM. Thank you very much, Mr. Chairman.

Mr. Attorney General, welcome here. I am used to seeing you more in the Judiciary Committee forums, but we are here today about something that has far wider implications than many things we have discussed in the past. At the outset of talking with you today and having listened to what you have said up to this point, it sometime seems to me from a public perspective, it is hard to determine who the players are in this or determine your role, if I am sitting out in the public somewhere listening to all this.

In my listening to all the weeks of testimony we have had, I have concluded, and I think just about anybody who thinks about this has, it wasn't the Justice Department that ran any of these operations regarding the Iranian initiative or the Contra initiative, it was not the Justice Department that got involved with the Iranian arms transaction, it seems to me you made it very clear that from the standpoint of you, as the Attorney General, your only involvement with the Iran arms transaction until you got into your factfinding inquiry in November 1986 was to make some determinations with regard to the legalities of the Finding in the 1986, in January, and to respond to a couple of inquiries of Admiral Poindexter on the phone to see if you could do some minor aiding in one or two very very minor aspects of it.

It also was not your office which destroyed or altered any documents involved in any of these matters. It was not you who misled Congress or misled the Secretary of State about any of the facts involved in these matters. And it seems to me that when we talk about all of this, it also is very clear that it was you and your office and your staff who unearthed the discrepancies with regard to the issue of the November, 1985 arms shipment that led, in turn, to your factfinding mission the weekend of November 20 through 24, 1986, and that, in turn, it was you and your office who discovered the diversion memo, and it was you and your office who took the lead after questioning Colonel North to point out that the diversion memo was indeed a diversion and a real potential problem. And you had recommended, you the Attorney General, to the President, and to Mr. Regan that this matter be made public as quickly as possible, and it was over a period of approximately 4 days after you started into it all.

And so I guess the reason I went through that little litany was that I think we need to put all this in perspective a little bit today at the end of a day where we have been talking about so many details involved in this. I agree that we have a job to explore and a duty as a Congress, and certainly normally I am wearing that hat over in Judiciary instead of on the Select Committee, to oversight the role that the Attorney General plays and whether you do an appropriate role or do your job.

But a lot of the criticism that I have heard before today and a lot of it today about your work, especially over the weekend of November 25, sounds like the old lawyer's term "fly specking." I don't know how many people have heard that, but several of us up here, including yourself, are attorneys and that used to be the old term about looking for the very nitty-gritty issue in some abstract or title to land. It looked to see if there were some little fine points you could object to down there. Forty-forty hindsight is pretty good.

But let's go over some of the facts just to refresh the situation here today and put it all, as I see it, in more perspective.

My understanding is that you met with the President after you had been called up at West Point, you met with him on Friday morning the 22d of November, and he tasked you to find out the facts about this November, 1985 arms transaction to resolve discrepancies between Secretary Shultz and Mr. McFarlane's version of some of the details. Is that correct?

Attorney General MEESE. That is correct, Mr. McCollum. Not only the differences in recollection between those two people, but the various, the fact that very, that there were various recollections by different people as to what had occurred and no one had put together a sort of an overview of what, in fact, had happened during a period of time in which a lot of different things were done by different people but where no one person seemed to know all the things that were going on.

Mr. McCOLLUM. You were working under some kind of a timetable after that, weren't you?

Attorney General MEESE. That is correct. As I testified earlier, we were hoping to have our at least initial inquiry into the facts completed by 2:00 o'clock on Monday afternoon, the 24th.

Mr. McCOLLUM. That was for a meeting.

Attorney General MEESE. That was for a meeting that was to take place at that time in which I was to participate.

Mr. McCOLLUM. And that was the National Security Planing Group meeting, right?

Attorney General MEESE. Yes, sir.

Mr. McCOLLUM. Now you are a member of that normally, this wasn't a meeting you were just happening to be going to go that particular day, you are a member of that planning group, right?

Attorney General MEESE. Yes, sir, that is correct.

Mr. McCOLLUM. And you were a member of that group before you were Attorney General, weren't you?

Attorney General MEESE. Yes. I was asked to serve in that capacity by the President as early as 1981.

Mr. McCOLLUM. Could you tell us—refresh our recollections on just exactly what the National Security Planning Group did, what it was?

Attorney General MEESE. This was a group composed of the four statutory members of the National Security Council: the President, the Vice President, the Secretary of State, and the Secretary of Defense. The two statutory advisers, the Director of Central Intelligence, the Chief, Chairman of the Joint Chiefs of Staff and the three persons appointed by the President: the White House Chief of Staff, the Secretary of the Treasury, and the Attorney General.

The purpose of this group was a smaller—was to meet as a group and usually in a smaller meeting than the National Security Council meeting which was normally attended by a number of assistants and staff members to handle the most sensitive or the more sensitive issues of foreign policy, national defense, and other national security matters.

Mr. McCOLLUM. And in terms of what they did, they gave advice to the President basically, and he made the decisions on a lot of these things, obviously. Is that not correct?

Attorney General MEESE. That is correct, Mr. McCollum. It was a group which was advisory to the President, the same way as other elements of the Cabinet are as well.

Mr. McCOLLUM. And the objective in all of this over that weekend initially was to get the facts on this straight so that you all could discuss it at that meeting, right?

Attorney General MEESE. That was correct.

Mr. McCOLLUM. And then you would have something to base the recommendations to the President on, right?

Attorney General MEESE. Yes. Indeed, Mr. Poindexter was going to be prepared to present information at the meeting, others were, Secretary Shultz and others had views, and inasmuch as I was asked to provide an overview of the facts, I was asked to have that done in time for that meeting.

Mr. McCOLLUM. And as soon as you got designated or pretty soon after that you made a call, as you testified, to Director Webster and asked him about the possible involvement of the FBI in helping research all of this, and you have testified that the two of you concluded that that was not a responsible or appropriate thing to do because there weren't any criminal implications at that point; is that not true?

Attorney General MEESE. Yes. Almost completely, Mr. McCollum. The only thing was it was not a telephone call, it was a conversation that took place in my office, rather than a telephone call. But we did have that conversation, we did reach that conclusion.

Mr. McCOLLUM. And you reviewed this matter with him even after you had your press conference and another personal conversation, didn't you—Mr. Webster and you?

Attorney General MEESE. Yes, sir. He was, I believe, present in my office again when we discussed this matter and the probability that the FBI would be very soon called into it, that we were in the process at that time of having the Criminal Division give us an answer as to whether there was sufficient possibility of criminal violations to involve a criminal investigation, and that the FBI would be called into it if they did answer in the affirmative.

Mr. McCOLLUM. And that was after the fact, though, that was after the press conference?

Attorney General MEESE. Yes, sir.

Mr. McCOLLUM. But he concurred at that time there had been no reason and he agreed there never was a reason to call him in early on. It looked bad. If you had, as I recall in the deposition testimony, you all thought it would look like it was a misuse of the FBI because there wasn't any basis for using them, right?

Attorney General MEESE. That's correct. I was very cognizant that previous Presidents had been critized for misuse of the FBI in non-criminal or non-investigative situations, and that was one of the aspects of our consideration.

I might say, Director Webster has repeated the fact he was totally satisfied with the situation on numerous occasions, including his own confirmation process when he was confirmed as Director of Central Intelligence.

Mr. McCOLLUM. Now, you started this investigation or factfinding, as you called it—it really wasn't an investigation—on Friday, the 22d of November, and did it over Saturday and Sunday, and by Monday you were putting it together and by Tuesday morning you had gone to the public with it after the President had made some decisions, and all of this was done in a period of about 4 days. And if I'm not mistaken, you didn't have any inkling of this diversion memo until Saturday, so you really only had 3 days after that and you didn't know what that diversion memo meant, from what you said this morning, until you talked to Colonel North on Sunday afternoon.

So you only had a day and a half between that discussion when you learned of the significance of the diversion memo to bring this out to the public, which you did with the President on Tuesday. Am I correct in that?

Attorney General MEESE. That's correct, Mr. McCollum.

Mr. McCOLLUM. Now, let's talk about some of the misleading things that occurred to you that weekend. I think that needs to be laid out.

Mr. Nields laid some of that out for us this morning. He went through a pattern of those discussions you had, two of them with Mr. McFarlane, several small chit-chats with Admiral Poindexter, a long discussion with Colonel North, and a couple of discussions with Mr. Casey.

And during all of that time it was very clear that Admiral Poindexter at no time told you, nor raised with you, even though he knew exactly what you were doing—he was in there meeting with you with the President to get this assignment—he never volunteered to you, nor did he in any way come forward and say we had a Finding, Ed—as he called you in the hearings—we had a Finding back in December and here's a copy of it, maybe this will help you. He never did that, did he?

Attorney General MEESE. At no time did Admiral Poindexter produce the Finding that you are referring to.

Mr. McCOLLUM. In addition to that, I know you have eloquently made some nice statements about Director Casey, but the fact of the matter is we know from the testimony—we don't have him, unfortunately, here to rebut it in any way, but we have heard it a lot from other sources—Colonel North, Admiral Poindexter—Mr. Casey at all of this time knew fully about this diversion; some people didn't know who knew what but in the end everybody has agreed he knew about it and was intricately involved in that process.

But he not only didn't tell you about his knowledge when you chatted with him but, as I recall, he denied it.

And I would like to call your attention to a particular exhibit. This is exhibit number 53 in your book. This is a set of notes that was taken by one of your—one of the staff members at a meeting with Members of Congress just before this announcement was made on the 25th of November.

It's an exhibit that was prepared, by the handwriting, it says here, of Mr. Richardson. This was a congressional briefing where the President attended, where Admiral Poindexter, I think, had already been exited from the scene, but you were there, and Mr. Wright was there, the Speaker of the House, Mr. Casey was there apparently, from looking at these notes.

I would like you to look at those.

Mr. Shultz apparently was there—Secretary Shultz appears to have been there.

Do you recall who all was at that briefing session?

Attorney General **Meese**. To the best of my recollection, it was the President, Secretary Shultz, Secretary Weinberger, I believe that Mr. Regan was there, I was there, several members of my staff were there, and there may have been others—I can't tell you all the people that were there—in addition to the leadership of the Congress, the leaders of the House and Senate, the Speaker of the House and the Majority Leader of the Senate, the Minority Leaders of both Houses, and there may have been others besides that from the Congress. But it was quite a group of people from the Congress.

Mr. **McCollum**. Well, unfortunately the exhibit does not have the pages marked, but if you will flip 10 pages over into this, you will see a discussion that starts at the top with Mr. Wright's name.

These are Mr. Richardson's notes made at that meeting with the President?

Attorney General **Meese**. Yes.

Mr. **McCollum**. If you have found that——

Attorney General **Meese**. I have found it.

Mr. **McCollum**. I would just like to go over that with you and see if you agree with me that's what this says.

If says Wright says Poindexter vaguely aware. RR, that's President Reagan, I assume—he says yes. Wright says, done with tacit blessing. RR says Ed?—he's turning to you, he's meaning you there, right. Then it says, you are quoted as saying allowed it to go forward, and then Wright, the Speaker of the House, says CIA know—Casey? That's what it looks like because the next one says Casey—now it's Casey:—Mr. Casey was there, then, is that not correct?

Attorney General **Meese**. Yes, sir.

Mr. **McCollum**. Mr. Casey's answer there reads what?

You read it to us. What did he say when——

Attorney General **Meese**. It says, no, I didn't.

Mr. **McCollum**. And I think that's significant. The point is that even at this moment in the presence of the President and in the presence of the leadership of the House and the Senate, on the 25th of November, the day that this became public—the diversion did—Mr. Casey is still withholding the fact that he knows, not only withholding but saying I didn't know.

My point of this, and I could go through the same litany Mr. Nields did this morning—I'm not going to go through all of that—there were numerous occasions in Colonel North's interview and in the interviews with Mr. McFarlane where you were not given the full facts, you were misled.

Is that not true?

Attorney General **Meese**. Mr. McCollum, since I did not have the benefit of watching their testimony except very occasionally, I couldn't say for sure, but I will accept your characterization of it.

Mr. **McCollum**. OK.

Well, it's true and unfortunate and I think that needs to be pointed out simply so that anybody reviewing this and trying to put it all together can see what you are working with.

You were working with a 4- or 5-day timeframe. You were working with people who weren't giving you all the truth, and you were working with a minimum of knowledge from your own experience.

Now, I would like to turn to a couple to the things that you have been battered around the ears with here in the last few days.

One of them has to do with the issue that Mr. Rodino just brought up with you. Judge Sofaer supposedly got wind of this business about Southern Air Transport having a connection with the Contras and this Iranian matter in the process of the weekend of November 20th to 25th, and during that time, as we have heard discussed—you were asked questions about this just a few moments ago—he talked about this with Secretary Shultz at some point, and you related the fact that in your conversation with Secretary Shultz on the morning of the 22d, a Saturday, that didn't come up.

Am I correct?

Attorney General **Meese**. I cannot recall that coming up in our conversation.

Mr. **McCollum**. Let me relate to you—this is now—we will make sure this is all made public, too, if it isn't in some way. I just happened to pull this out on the occasion, but I understand this depositon already has been released, the June 18th deposition of Mr. Sofaer. It is my only copy right here.

On page 68 of that deposition, Mr. Sofaer was asked about his review of this whole matter of the TOWs, that is, the missile involvement in September and some of the sales later and so on, and he said on the 21st I came back to town and called Mike Mattison and I asked him to get me the figures on the cost of TOW missiles.

"Question: He gave you"—these are attorneys asking these questions for us, this committee—"he gave you those figures and what did you conclude when you looked at the figures?

"Answer: I concluded"—Judge Soafer says—I concluded "that the fair market value of the TOWs was substantially in excess of what the Department of Defense received from the CIA as payment.

"Question: And did that lead you to conclude there was probably a surplus of funds that had been generated in this transaction?

"Answer: I didn't conclude anything, but it led me to mention to the "Secretary"—that is, Secretary Shultz, his boss—to the Secretary "on Saturday, the 22d, at the end of the meeting with him, after he had spoken to the Attorney General, that I was very concerned about the possibility there was a surplus of funds and that I had no idea how it was used, but that I also concerned about the presence of Southern Air Transport in the picture."

The point of that is that he apparently talked about it with Secretary Shultz right after you left or he left you.

Attorney General **Meese**. I left him and apparently that is correct and I appreciate your correcting the situation which was referred to earlieer by Mr. Rodino. There is no way that that subject as far as his discussion with Mr. Sofaer could have come up at the time that he discussed it with me.

Mr. **McCollum**. Something else has been bothering me for several days. Nobody asked you about this here today. It has been around 1411 times as Colonel North testified it seems to me that some of your staff was present there going through these papers in Colonel North's quarters on Saturday, 22 November and the colonel, Colonel North has testified that all this while he was shredding.

Now I thought he was an excellent witness and had great credibility up here, and I think the public thought so, but this was one issue I had real problems with.

I asked him some about that. I would like to ask you about that.

Did you have occasion or have you since all this came up to talk to Mr. Reynolds and the others who were down at Colonel North's office on Saturday 22 November as to whether they observed any shredding going on while they were looking? This was time, you know, they found the diversion memo.

Have you asked them about that?

Attorney General **Meese**. Yes, I have, Mr. McCollum, and I have been told by Mr. Richardson and Mr. Reynolds, who were the people who were on the scene, that at no time in their presence or in their field of vision or within their hearing was any shredding going on by Colonel North or anyone else, to the best of their knowledge.

As a matter of fact, I believe there is also testimony that has been received by the committee by Lt. Col. Earl that the shredder that was supposed to be involved in Colonel North's office was actually broken and there is also testimony I believe by Colonel Earl that in order to shred they had to take the documents out of that office into another office some distance away, so that it would have been virtually impossible to have that shredding going on so called under the noses of either Mr. Richardson or Mr. Reynolds.

Mr. **McCollum**. I brought that up to Colonel North and put that portion of Colonel Earl's deposition in the record.

Now Colonel Earl was the assistant to Colonel North. I have a copy of that. I would like satff to take that down to you.

This is from Colonel Earl's deposition that was taken contemporaneously with some of the other things that were going on in this committee.

The reason I want you to be able to look at it, I think we need to go over that in a little more detail. I think it is important for more reasons, because I was very short with Colonel North that day.

I did not have a lot of time to ask him questions, and during that period of time, he said his recollection was that shredding went on and if Colonel Earl had another one, essentially what he said was that was another story.

This deposition—This portion of the deposition is fairly lengthy, but I think it is important we go over some of it.

On page 74 is where it starts, a deposition taken May 2d of Colonel Robert Earl by this committee.

He says about midway down through the paper, "The next morning," the question was asked him on page 74, "Saturday, November 22. Did you go to work that morning?"

The answer, "I got a call from, I believe, the White House Signal, but I am not sure how now whether it was Paul Thompson calling me or whether a message was relayed though the White House Signal, but somebody called me to say, 'Come and open up the office,' that Colonel North wasn't available, couldn't be found. So I went in and opened up the office."

Question: "Just let me ask you. Back on the 21st—do you know Tom Green?"

Answer: "Yes."

Question: "Did he come to Suite 302 on Friday, the 21st, before you left?"

Answer: "Not that I recall. He may have, but not that I recall."

Question: "Now we are back on Saturday morning. You get a contact from the White House Signal, et cetera. Do you go to 302 and open up?"

Answer: "I recall driving through the gate and parking on the street between the Old Executive Office Building and the West Wing. I wasn't sure whether I ought to go up to Paul Thompson's office or over to Paul's office. I recall considering that, but I don't recall what my solution to the dilemma was. I went to one of the two places first. I do recall I did eventually, either directly or secondly, go to the office and open it up," presumably referring to the 302 office.

Question: That's Colonel North's office—302 in the Old Executive Office Building—"You were the first guy to arrive at 302 that morning?

Answer: "Yes."

Question: "Now, do you remember, were files laid out when you opened the office up?"

Answer: "This is another one that I cannot recall, whether the circular table in front of Colonel North's desk had files on it at that point when I got there or whether it was empty, and I added all the files for them to review."

Question: "In any event, the table you are referring to—which I imagine you are going to tell me, the AG representatives reviewed documents, right?"

Answer: "Yes."

Question: "That on exhibit 2 is the table marked 'conference table' in North's office, right?"

Answer: "Correct."

Question: "OK. Did the Attorney General's people arrive next or someone before them?"

Answer: "At some point, I am not sure exactly how much later, but I think what happened next was that Paul Thompson brought over two representatives from the Department of Justice, Bradford Reynolds, and I think his name is John Richardson, introduced me, said they were there to look at files on the Iran project, and then I think Paul Thompson left."

Question: "And Richardson and Reynolds started their review?"

Answer: "Correct."

Question: "Do you recall their asking for any specific documents, files?"

Answer: "I recall that they asked for more documents, or maybe all of them. If the table was empty, they asked for all the documents; if the table had some of them arranged, they asked for more. I recall going behind Colonel North's desk into his credenza and going through files in his credenza pulling them out and looking at the subject title to see if they were relevant and putting some of them that were I believe relevant onto the table for their review. So I looked through all those documents behind Colonel North's desk, I couldn't find them. I will go into that more if you want. They were subsequently found them."

Question: "Where did you find them?"

Answer: "I didn't find them, Colonel North found them. When he came in, I told him of their request for them."

Question: "Now, Richardson and Reynolds were in Colonel North's office, you were in there with them?"

Answer: "Initially, I was in there looking for the files in the credenza, and I also from his desk placed a call to him to let him know that I was in his office and the people were there, and to see if he had gotten the call and was en route, and he said, yes, he had gotten the call, and he would be there in a while. I am not sure exactly how much later, an hour, or maybe 2 hours later."

Question: "That was the substance of your conversation with him?"

Answer: "Yes."

Question: "He arrived next at 302. Was he the next person to come in?"

Answer: "No."

Question: "Who came next?"

Answer: "The next thing that happened is that they left to go to lunch with the Attorney General. On their way out, in the passageway, they ran into Colonel North coming in. They had a brief conversation in the hallway, and then Colonel North came into the office."

Question: "Did you overhear their conversation?"

Answer: "No, I observed it, I was on my way out and saw them down there talking to Colonel North. So I never got out of the office when Colonel North arrived."

Question: "North came into the office?"

Answer: "I told him of the request of the team. He said he didn't know where they were filed and started looking around, and apparently found them."

That is redacted as to what it was he was looking for.

"I am not sure that he found them while I was still there or while I was on the same floor with him. My recollection is when Richardson and Brad Reynolds returned, there was a file, an empty file folder on the desk that had not been there before that Bradford Reynolds held up and said, 'Now, that is very sensitive,' because it was empty, and I couldn't explain why it was sensitive."

Question: "We get protection of documents like that from the White House all the time."

Answer: "Colonel North was out of the office at that time. When he returned, he explained they had been filed in one of these files over here.

Question: "In front of Barbara Brown's desk?"

Answer: "Yes, and had taken them and put them with" . . . some of the other materials. It is redacted as well.

Question: "Before the AG team came back, did you and North have any conversation apart from talking about" blank—redacted.

Answer: "Not that I can recall the substance of, although there were a couple little parts that I recall before the AG's team—before they returned.

Colonel North continued to review documents, and I think found others that were suitable for the category that we had been looking for the day before.

Question: "Termination?"

Answer: "Termination,"

Mr. Leon: "Where was he looking for those, among the files they had just reviewed?"

The witness: "I don't think so, but I am not positive. I think it was other files back on his desk. I am not sure where—oh, and one of the things he told me when he first came in was that the shredder had broken the night before, because I reached up to turn it on, and sure enough, it wasn't working. Then when he was compiling material—"

Mr. Belnick, question: "Can I stop you there for a second, Bob? Was the shredder bag full?"

Answer: "I don't recall."

Question: "Was the machine the kind of machine you could see the bag, or would you have to open it? Was the bag visible?"

Answer: "I think it was."

Question: "It didn't work. Did he ask you to find a working shredder?"

Answer: "He didn't ask me. I intuited it from what he was doing. I told him I was going across the hall to CMC where I knew they had a shredder and see if we could get in there. The door was locked, so I couldn't get in. And at some point—the recollection that I had, rather than speculate how we get to it, is of Colonel North with a file and a stack of documents that I knew from all of this were to be shredded, had Paul Thompson standing beside him and in some way a reference to going over to the sit room"—and I am sure they mean Situation Room—" with a hefting of documents—I am not exactly sure what, but I knew what he meant, and I don't what Thompson knew or inferred from that."

Anyway, I am not going to read to rest of this. I read a lot of it.

Chairman INOUYE. Mr. McCollum, may I interrupt? There is a vote pending in the Senate at this moment. May I suggest the Senators return to the floor to vote, but immediately return to the room here. At the recess, we will have a special meeting, all of us, including our staffs.

Please proceed, sir.

Mr. MCCOLLUM. The bottom line of this, Mr. Attorney General, why I read all that is that it is very clear from Colonel Earl's deposition that just been reported and hasn't been put forward to the public that if you believe what he had to say from his testimony, Colonel North didn't come in the morning and didn't arrive at his office until about noontime when your people were leaving to go to lunch and it was at that time they discovered the shredder was broken, and I think that needed to be brought out, and I appreciate your indulging me to do that.

Is that consistent with your knowledge?

Attorney General MEESE. That is my understanding, Mr. McCollum. It certainly is consistent with my understanding that at no time was shredding being done in the presence of people from our office who were there that day.

Mr. MCCOLLUM. I would like to ask you one last question and reserve the balance of my time, Mr. Attorney General.

No one has mentioned it, but it seems to me at some point, it's come to our attention, over this short 4-day weekend while you were calling up everybody, whether it be Mr. McFarlane or Mr. Casey or whomever, you also at some point talked to the Secretary of Defense, did you not?

Attorney General MEESE. Yes, sir, I did. I talked with him by phone. His wife was in the hospital, and I did talk with him on the telephone, I believe, on Friday night when I informed him of what I was doing at the President's request, as I had the others, and then again on Saturday we had a brief conversation on the phone.

In talking with him, I ascertained that he didn't know much more about the situation than I already knew and therefore we put off any further conversation until after the weekend.

Mr. MCCOLLUM. At this point in time, I would like to reserve the balance of my time, Mr. Chairman, if I could be advised of how much more that might be.

Chairman INOUYE. Thank you very much, Mr. Attorney General. Will you return tomorrow afternoon at 12:30?

Attorney General MEESE. Thank you, Mr. Chairman. I will be happy to be here at that time.

Chairman INOUYE. The joint session will stand in recess until tomorrow afternoon at 12:30.

[Whereupon, at 5:10 p.m., the Select Committees recessed, to reconvene at 12:30 p.m., Wednesday, July 29, 1987.]

JOINT HEARINGS ON THE IRAN-CONTRA INVESTIGATION

Continued Testimony of Edwin Meese, III

WEDNESDAY, JULY 29, 1987

SENATE SELECT COMMITTEE ON SECRET MILITARY
ASSISTANCE TO IRAN AND THE NICARAGUAN OPPOSITION,
AND
HOUSE SELECT COMMITTEE TO INVESTIGATE
COVERT ARMS TRANSACTIONS WITH IRAN
Washington, DC.

The Select Committees met, pursuant to call, at 12:40 p.m., in room 325, Russell Senate Office Building, Hon. Daniel K. Inouye (chairman of the Senate Select Committee) and Hon. Lee H. Hamilton (chairman of the House Select Committee) presiding.

Chairman INOUYE. The hearing will please come to order.

Mr. Attorney General, we apologize for the short delay.

The chair recognizes the Vice Chairman of the Senate Select Committee, Mr. Rudman.

I have been advised he will share part of his time with Senator Cohen.

CONTINUED TESTIMONY OF EDWIN MEESE, III, FROM JULY 28

Mr. RUDMAN. Thank you very much, Mr. Chairman.

Good afternoon, Mr. Attorney General.

Attorney General MEESE. Good afternoon, Mr. Rudman.

Senator, I wonder if I might just advise the chair, as I mentioned yesterday, I am prepared to remain with the committee or the committees as long as you may wish to be in session today.

I do have commitments tomorrow that I previously advised the committee of and will be willing to stay as late as necessary in order to finish today.

Chairman INOUYE. I appreciate your spirit of cooperation. We have been checking with the members of the panel, and it appears that we should be able to be out of here before six o'clock.

Attorney General MEESE. Thank you, Mr. Chairman.

Chairman INOUYE. Senator Rudman?

Mr. RUDMAN. I don't like to start off the day disagreeing with my chairman, but I hope we can be and I will contribute to that, Mr. Attorney General, by attempting to go through some issues that I am concerned about and try to ask the questions in a way that we can elicit some direct answers, as you have been giving yesterday, and hopefully not use all of my time.

Let me start out by saying that I have had dealings with you for some time as Chair of the State, Justice, Commerce Subcommittee of the Appropriations Committee.

I want to say at the outset, as I have said publicly, that although I have a great deal of trouble with some aspects of your investigation and the Justice Department's investigation, I think it is grossly unfair for anyone to infer or suggest that the Attorney General of the United States and the Justice Department was involved in some effort to cover up or obstruct the discovery of the true facts in this matter.

I just want to start this examination by making it clear that is not my view. I have expressed it in strong terms to the contrary.

Having said that, I want to go through a number of issues that I believe your answers will be very important for this record. I will start out by observing that you are, of course, the chief legal adviser to the President of the United States.

Attorney General **Meese**. That is correct.

Mr. **Rudman**. When you were brought into the arms initiative in January of 1986, you were brought in to give legal advice on the initiative as it was requested; is that correct?

Attorney General **Meese**. Yes, sir.

Mr. **Rudman**. And you gave advice, I believe, on two legal issues that were raised by the arms sale; am I correct?

Attorney General **Meese**. Yes, Senator.

Mr. **Rudman**. And one issue was whether or not Congress could be delayed under the timely notice of the Hughes-Ryan and the other was whether the arms sales could be done under the National Security Act rather than the Arms Export Control Act; am I correct?

Attorney General **Meese**. That is correct.

Mr. **Rudman**. When you gave those opinions according to your testimony, you didn't ask anyone at the Department of Justice to do any additional legal research for you on those issues; am I correct?

Attorney General **Meese**. That is correct.

Mr. **Rudman**. Your reason, as stated yesterday, was that you did not ask anyone to do that research because you felt the matter was too sensitive to share with anyone in the Department; is that correct?

Attorney General **Meese**. What I said was that it was so sensitive that it was my understanding that it was to be—that knowledge of this was to be limited to those people essentially who were in the group advising the President at the time and those that were absolutely necessary in order to carry out the initiative in other departments.

Mr. **Rudman**. Was that some limiting factor that was given to you by someone at the White House?

Attorney General **Meese**. I am not sure whether it was explicitly stated. It was certainly implicit in the fact that even in the group that met with the President, not all the members of the National Security Council were included.

Mr. **Rudman**. Well, I understand that, but knowing your department fairly well, and knowing of the people in it and the high degree of professionalism of those people and some of the people—

in fact, you have an intelligence section, if you will, within the Department—I just don't understand why there were not at least one or two of your bright young people—professional or political, it would make no difference—whom you could have consulted to give you some basic research on the issues that you had to look at, which unfortunately were not researched.

Attorney General **Meese**. Senator, they were researched. I personally looked into them. It is quite interesting to note that after this matter came to public attention in November of 1986, I did have them separately researched at that point by the Office of Legal Counsel in the Department of Justice.

The conclusions they reached after several days of research coincided exactly with the conclusions that I presented during that period in January of 1986.

I might say their research was independent of anything I suggested that they do.

Mr. **Rudman**. Wouldn't you agree with me, Mr. Attorney General, that there are people in the Justice Department, professional people, no matter how extraordinary the circumstances, that can be consulted on matters of utmost sensitivity to give an underlying research basis for whatever opinions the Attorney General of the United States gives the President?

Attorney General **Meese**. Yes, sir, and if I felt they had been needed in this instance, I would have brought them in.

Mr. **Rudman**. I want to turn to the matter of the DEA agents. I believe in May or June—and I might say, I wonder, have you seen Mr. Lawn's interview given to this committee?

Attorney General **Meese**. No, sir, I have not.

Mr. **Rudman**. Are you aware of the interview?

Attorney General **Meese**. I am aware that he had an interview. I have not had a chance to read the transcript of that interview.

Mr. **Rudman**. Was it furnished to you, do you know?

Attorney General **Meese**. I don't believe it has been furnished to me. No. I have seen it in Mr. Lawn's hand. I have never had a chance to actually read it.

Mr. **Rudman**. But the Department does have a copy of it?

Attorney General **Meese**. I think the DEA does have a copy. I am not sure, Senator, exactly. What I saw were notes that were taken—what I saw in someone's hands as they were discussing this with me were notes taken by someone who was with Mr. Lawn. I have never seen a transcript of Mr. Lawn's interview. I don't know whether the Department has one.

Mr. **Rudman**. I would simply observe that there are no major inconsistencies between his interview and your statement. The reason I want to say that if you haven't seen it, as I understand your natural caution in making statements not having seen other people's recollections, but there are no basic inconsistencies. I just want to go through that, because obviously what this committee was told is somewhat different from, I think, the circumstances as they were related to you.

My understanding is in May or June of 1985, you approved a request from the National Security Council to detail two DEA agents to NSC for a mission relating to the hostages; is that correct?

Attorney General **Meese**. What was the year?

Mr. **Rudman**. May or June of 1985, I believe. Am I wrong? Do I have the date wrong here? No, I think that is right. It is 1985.

Attorney General **Meese**. I don't recall—I recall Mr. Lawn talking to me in the latter part of 1985 and early 1986 about DEA agents assisting with providing information to those who were involved in trying to obtain the release of the hostages. I don't have any particular basis to fix the date earlier than that.

Mr. **Rudman**. Do you have a recollection of a discussion with either Mr. McFarlane, while he was National Security Adviser, or Oliver North regarding this issue?

Attorney General **Meese**. I do remember—I just don't—I am not sure about the date. That's what's troubling me.

I do remember very vaguely that there was a discussion at one time with I believe Colonel North relating to his desire to have DEA agents, who were working in the Middle East, provide what assistance they might to the group that was interested in trying to obtain the release of the hostages.

Mr. **Rudman**. Well, did you get the impression from that briefing that, as I believe I understand your previous statements, that this was an intelligence matter that they were dealing with as opposed to an operational matter?

Attorney General **Meese**. It was primarily intelligence and support utilizing assets which DEA agents had in the Middle East.

Mr. **Rudman**. Were you informed at the time of your briefing on this, either by Colonel North or Mr. McFarlane, that, in fact, there would be extensive operational aspects of this and there would be private funds involved in the implementation of the plan?

Attorney General **Meese**. I don't believe that I was ever informed that the DEA agents would be involved in what I would describe as operations. It was my understanding they would be involved in intelligence and support functions rather than operational functions.

Mr. **Rudman**. I believe that is consistent with Mr. Lawn's statements to the committee.

Now, in light of that, we would have to conclude that the information that you were furnished concerning their activities did not accurately or fully describe what in fact they were going to do and in fact did; is that not correct?

Attorney General **Meese**. Well, I am not acquainted with what precisely they did. I might also say that this gets into a very sensitive area, even at the present time. There are still activities ongoing in regard to our hostages, and yesterday morning, as a precaution, I talked with the Assistant to the President for National Security Affairs to verify that fact.

So anything that would relate to details of operations that were previously conducted which may be still continuing or which may be comparable to things still continuing I believe should be taken up in executive session and I'd be happy to do that.

Mr. **Rudman**. I agree fully. I have no intentions of discussing the operations whatsoever. I was just asking whether or not you were aware these were operational in nature. I think your answer is no.

Attorney General **Meese**. Not what I would define as operational.

Mr. **Rudman**. There was an executive order in existence at that time, 12333, and directive 159 under 12333 that were issued by the President, both of them. I assume you would agree that if in fact this was operational, as this committee has evidence that it was, that someone—certainly not you, you didn't, were not in a position to have the facts from our evidence—but someone should have sought a Presidential Finding or approval from the President; am I correct?

Attorney General MEESE. That is correct. There should have been a Finding. Indeed, there may have been one. I am not sure.

Mr. RUDMAN. We have no evidence that there was.

Did you ever give any instructions to Mr. Lawn of the DEA or the agents pertaining to the use of appropriated or non-appropriated funds? Were you present at any time when that might have been discussed?

Attorney General MEESE. I don't recall any occasion on which the subject of appropriated or non-appropriated funds was discussed. It could have been discussed in my presence, although I don't recall at this time, or it could have been discussed perhaps in documents I saw, but in any event, I don't have any recollection of that becoming an issue at any time or being presented to me as an issue.

Mr. RUDMAN. Well, I think what we could observe—since the committee is largely involved in process, that is what the hearings are truly about—is there are some lessons to be learned in terms of the kind of information that the Nation's chief law enforcement officer was receiving from people in the National Security Council and that the head of the DEA was receiving from the head and one of the deputies at the National Security Council, referring to Colonel North, as to things they wished you to do that you were not fully briefed on?

Attorney General MEESE. I agree, Senator. As a matter of fact, when the committee makes its recommendations, I have a number of thoughts along these lines that I would be happy to share with the committee at an appropriate time.

I think one of the things that would contribute a great deal to what I talked about in my opening statement as far as improving the cooperation between the branches and improving generally the way in which sensitive projects are carried out is if there were a more rigorous set of procedures which would provide for Department of Justice participation in the formulation as well as in the approval of any covert activity and particularly one, of course, as you suggest in which DEA, a branch of the Department of Justice, might be involved.

I also think that there are other techniques, including a clear provision, in case there's anybody—anybody is in doubt that Findings should be in writing and that Findings should be circulated to the necessary members of the NSC, obviously in a way in which would protect their classified nature so that these can be reviewed with the kind of research you discussed earlier prior to a meeting in which a person is going to be required to give an opinion on that.

Mr. RUDMAN. Well, you testified yesterday that you totally reject the notion that you told anybody there was such a thing as a mental finding. I assume you affirm that today?

Attorney General MEESE. I assume there can be a mental finding, but it is not something that I believe is either—should be, certainly, the basis for proceeding as though it were a Finding within the meaning of the statutes you are talking about.

Mr. RUDMAN. In other words, what you are saying is that a President may decide that something ought to be done and advise people, but it's got to be formalized if the statute is to have any chance of working?

Attorney General MEESE. I agree with that. I think that is the view also of our President.

Mr. RUDMAN. I want to turn to another subject, the whole question of the money in the diversion. Although there is an independent counsel now investigating the criminal aspects of this case, there is some amount of money in some Swiss bank accounts—we estimate $8 million, maybe slightly more—that will be a matter of some contention. I assume it eventually will be a civil matter for the Department of Justice.

I want to just take you through some of Admiral Poindexter's testimony, General Meese. I'm going to—I'm going to summarize it, but I think I'll summarize it very accurately because I have the transcript here if you like to look at it.

Attorney General MEESE. I wonder, Senator, if I might I just interject one point? You raised the $8 million in Swiss bank accounts. There has been a lot of contention about this in the press. That is why I appreciate this opportunity to make one point. That is that during that phase of this matter when, prior to the appointment of an independent counsel, the Justice Department did take steps to freeze whatever assets might be in Swiss bank accounts and we are continuing to work with the cooperation of the independent counsel, portions of our Department that are working directly with the independent counsel, to maintain that situation, so that those assets presumably would be available at such time as the civil suit would be appropriate in a way that would not jeopardize but would complement what is being done by the independent counsel.

Mr. RUDMAN. And I assume you agree with me that that is a matter with is truly within the department's jurisdiction, not within the scope of the IC in terms of recovering those funds if they, in fact, should be recovered. That is a civil matter, I assume?

Attorney General MEESE. It is a civil matter. We are prepared to do whatever is necessary. We don't want to interfere with what the independent counsel is doing. The independent counsel is authorized under the statute to become involved in civil as well as criminal matters and this is a matter in which our people are carefully coordinating with the independent counsel.

Mr. RUDMAN. Let me just run through because as the Nation's chief law enforcement officer, I think it is important with some of the testimony we have had here, some of it rather bizarre in my opinion——

Attorney General MEESE. I trust that refers to testimony prior to yesterday.

Mr. RUDMAN. It does so far.

Admiral Poindexter testified that government officials approved each arms transaction with the Iranians in advance, that the government officials approved all non-price conditions of the arms sale, that government officials knew of the price being paid to General Secord for the arms before each sale, and that General Secord was expected to sell the weapons only to the Iranians.

He further agreed that General Secord was, in effect, although he is not a lawyer, but was in general parlance an agent of the United States.

That is his testimony, the highest-ranking official of this government who was involved in this transaction.

Do you believe that all the money paid to General Secord less appropriate expenses that now remains belongs to the people of the United States and should be returned to the Treasury?

Attorney General MEESE. Senator, again, without having all the facts other than what you have said and taking what you have proposed to me as a hypothetical situation based upon the testimony you have received, I would say that as a general matter, it is highly probable that those funds should be on a constructive trust theory or agency theory the property of the United States.

Mr. RUDMAN. Do you have any current thoughts as to whether any other laws or laws—period—were violated by the diversion, I would suggest two possibilities, the Anti-Deficiency Act, which I'm sure you're very familiar with, and the Miscellaneous Receipt of Money statute, which is 31 U.S. Code 3302(b)?

Attorney General MEESE. Senator, I think it is possible that those laws may be applicable. I am reluctant to make a statement for two reasons.

One is to say that a crime has been committed without full possession of the facts and the ability to relate those facts to statute is something we generally don't do in the Department of Justice; and two, this whole matter is under investigation by the independent counsel, and I would not want to have my viewpoint prejudice what he is doing.

I am sure they will be ultimately answered by the investigation that he is conducting.

Mr. RUDMAN. I assume that you would agree at the very minimum, and I understand your position and it's a proper one for the Attorney General, that at the very least probable cause exists to look closely at those two statutes in light of the events that this committee and others have uncovered?

Attorney General MEESE. It does.

As a matter of fact, that was uncovered in our own inquiry because on Monday the 24th of November, I asked our lawyers who were familiar with the facts to look into the same subject that you just raised to see if there were applicable statutes.

They raised some of those same statutes and that was the reason why this was turned over to the Criminal Division for a criminal investigation to commence 25 November.

Mr. RUDMAN. Thank you. I am going to turn to the Evans case, a case that you referred to in your opening statement.

You are familiar, I assume, with the case generally although maybe not all the specifics?

Attorney General MEESE. I am familiar with the case generally, Senator. I also am somewhat precluded from commenting on an ongoing litigation that is now taking place in the courts.

Mr. RUDMAN. I understand that.

Attorney General **MEESE**. As to the general perimeters that you may want to ask about I will cooperate as much as I can.

Mr. **RUDMAN**. I just want to talk about the public record on it. There is a public record. You referred to the Evans case in your statement, you didn't name it, a case involving the sale of arms by—the alleged sale of arms by individuals to the Iranians; am I correct?

Attorney General **MEESE**. That is my understanding of the case.

Mr. **RUDMAN**. I want to preface the next few questions with a remark that I guess you would agree with that just because the United States had a policy supported by Findings to sell arms to Iran for whatever reason, that is not exculpatory of individuals selling it for profit—we can agree on that, I assume?

Attorney General **MEESE**. Yes, sir, as a matter of fact, there are wholly different sections of the laws relating to private activities and those activities engaged in lawfully by agents of the government.

Mr. **RUDMAN**. I have a problem with this matter in terms of the administration of this case, which I think is illustrative of what happens with this. I would like to read something and see if you can explain it to us.

You were asked by one of the defense counsel at the Justice Department questions about whether or not arms sales had been authorized to Iran. That was a defense motion.

The U.S. Attorney in New York asked the Department, because Mr. Giuliani had to make pleadings, Mr. Giuliani, one of the most outstanding United States Attorneys in this country, I am sure you would agree—when you found out that that particular sale had not been authorized, was passed on to the U.S. Attorney in New York that they could make a declaration to that effect.

Now, the thing that I am troubled with is in the pleading in the U.S. Court up in New York, this statement appears, this is an answer filed by the United States in response to a defendant's motion.

I want to read to you one paragraph. It says, "Obviously we intend to produce any documents indicating that the proposed transactions," those that are a matter of that lawsuit up there, "that the proposed transactions were, in fact, sanctioned or that the foreign policy of the United States during the period of conspiracies as charged in the indictment was to permit the shipment of U.S. arms to Iran."

So far so good.

Then, "At this time, we are aware of none."

Now, at the time that this was filed in the United States District Court up in New York, September 16, 1986 or slightly thereafter, obviously the arms initiative to Iran wasn't known. So essentially we had a statement here that the United States Attorney in New York, relying on information from main Justice, was filing that was false.

Will you comment on that?

Attorney General **MEESE**. I have not seen that document, Senator, and it would have—I would have to look at all of the aspects of it. But certainly the proposed transactions were not authorized, and I would have to know the context in which that was filed in order to say that it was in fact false. Certainly nothing that was said by the Department to my knowledge would have given the U.S. Attorney's Office in New York a basis to make a statement such as that inasmuch as the only information that was provided that I know of by the Department, certainly by my office to the Criminal Division, was that this specific transaction was not authorized.

Mr. RUDMAN. I am not going to spend a lot of time on it, General Meese, but let me simply say that when you look at this and I will make sure you get a copy, and I would like to have you comment for the record because I think it is a serious matter, although not involved here—there was no question when you read it and read the pleadings, you will agree with me that that statement stands on its own four legs.

It says, "At this time, we are aware of none." I get very concerned about United States Attorneys being put in the position of making affirmative misrepresentations to courts, and I am sure you are, too.

Attorney General MEESE. I suspect I am even more concerned about it than you are, Senator.

Mr. RUDMAN. I hope so.

Attorney General MEESE. This is the kind of thing that may well be an error in language was made by an assistant U.S. Attorney, but I will have to look at that before I make a judgment, and I would appreciate a copy.

Mr. RUDMAN. Let me move on to the Casey meeting.

I want to start out by just making an observation based on some of your comments yesterday.

I think it is important for this record to say something about the evidence on Mr. Casey.

You testified that Colonel North advised you that only three people in the U.S. Government were aware of the diversion: Colonel North, Admiral Poindexter, and Bud McFarlane, who learned it pretty far along into the transaction; is that correct?

Attorney General MEESE. That is correct.

Mr. RUDMAN. Admiral Poindexter testified that he did not know that Casey knew about the diversion.

You are aware of that testimony, I am sure?

Attorney General MEESE. I am now that you have told me. I did not see that myself.

Mr. RUDMAN. As a matter of fact, he expressed some surprise because he had told Colonel North not to share that information with anyone.

Both of those events took place while Mr. Casey was still alive. I am talking about the admiral's knowledge in his mind that Casey didn't know and Colonel North's discussions with you in November of 1986.

The only evidence that this committee has before it that Mr. Casey knew about the diversion was Colonel North's testimony here, which was some several months after Mr. Casey died.

Mr. Casey, it is my understanding from your testimony, denied to you that he had knowledge of the diversion before it was disclosed.

Am I correct?

Attorney General **Meese**. Yes, sir, he told me and in my presence he told then Congressman Wright and a group of people gathered at the White House the same thing.

Mr. **Rudman**. I just wanted to clear that record.

Attorney General **Meese**. I am glad you did, Senator, because Mr. Casey, in my opinion, was one of the most honorable people that ever served the Government and served the people of the United States. I think the fact that he is not able to defend himself means that the record should not contain an assumption necessarily that at any time he was not telling the truth or lying when he made the statements that were made in various fora that I have discussed.

Mr. Casey was, as I said, a person that I would believe without question, and I think that under the circumstances, I appreciate very much you bringing this up.

Mr. **Rudman**. I think it is important because it will be a matter which will be in dispute in our report, I am sure, but I think it is curious that the only time we have this statement made is after Mr. Casey is no longer around to discuss it.

Now we know that Mr. Casey had numerous meetings with Colonel North, 35 at Langley by count of our staff and others that we are aware of.

I think it is important that the state of that evidence be known. I want to ask a few questions about that meeting that was covered yesterday.

It is my understanding that just a few hours before your meeting with Casey, you learned about what we call the diversion memo; correct?

Attorney General **Meese**. I learned about it, yes, sir.

Mr. **Rudman**. I think it's fair to say that you were shocked when Brad Reynolds told you about the existence of it?

Attorney General **Meese**. Yes, sir; I was.

Mr. **Rudman**. As a matter of fact, your very able assistant, Mr. Cooper, described your comments with some politeness and said that you exclaimed something like, "Oh, gosh, oh, darn," I think he said.

Attorney General **Meese**. I think that is close enough.

Mr. **Rudman**. You thought it was pretty significant?

Attorney General **Meese**. Yes, sir; I did.

Mr. **Rudman**. I mean, it raised a whole line of new issues in your mind?

Attorney General **Meese**. It certainly did.

Mr. **Rudman**. When you got to his house that night, he told you, of course, about the Furmark conversations, which indicated there might have been some Israeli involvement, some U.S. involvement, am I correct?

Attorney General **Meese**. The bulk of that conversation was really about the Canadians and these money lenders and what they were griping about to Mr. Furmark, and that they were threatening to go public with this thing and even commence a lawsuit. That was the principal subject, and he also indicated to me, I believe at that time, that he had some documents relating to that that he would send me.

Mr. RUDMAN. He also, I believe, told you the Canadians were claiming that money from this transaction had been diverted to other U.S. and Israeli projects; is that correct?

Attorney General MEESE. Not in as many words. What he said was that Mr. Furmark had told them that as a means of pressing their claim, they would even say that moneys had been used for other U.S. and Israeli projects, and it was clear to me that what Mr. Furmark had said to Mr. Casey was, as he related it, not that Mr. Furmark believed that had happened or Mr. Casey believed that had happened, but that they were going to use that as leverage to try to get the United States to pick up the difference in what they felt they were owed.

Mr. RUDMAN. I think that is precisely right. I think that is exactly what occurred, and here is my question that flows from that. Didn't you draw a connection at that point between this memo which had really shocked you and your associates just a few hours before, and here now you are hearing a story about other uses or diversions of U.S. funds? Did you make a connection in your own mind at that point?

Attorney General MEESE. I didn't make a connection in the sense of saying this must be connected, but rather I put in my mind this is going to deserve further investigation after we find out what the so-called diversion memo was about itself, and whether in fact that had happened.

Mr. RUDMAN. But you chose for reasons you explained yesterday not to ask Casey about the specific diversion that you were aware of?

Attorney General MEESE. Yes, sir. I chose not to talk to anyone about that actually until we learned more about it and found out what we had and went into it in a systematic way rather than a casual way.

Mr. RUDMAN. Let me just give you a problem with that and I would like you to respond. It's a problem that others have. It seems to me there is a fundamental conflict in that and it may be a conflict because we don't understand your state of mind at that point. Hindsight is 20/20. Even giving it that, you claim, and I believe you, that you had not thought of this as a criminal investigation even at that point, I take it; is that correct?

Attorney General MEESE. That is right, it was not a criminal investigation at that point and at that point we didn't even know whether this memo accurately portrayed anything that had happened.

Mr. RUDMAN. If it wasn't criminal then, it was something else. It was political, it was just a problem with a capital "P" but it wasn't criminal?

Attorney General MEESE. I would call it a factfinding inquiry to determine what in fact had happened in the implementation of a governmental policy, administrative in nature rather than criminal.

Mr. RUDMAN. I'll accept that. And if it was not criminal and it was administrative and you were trying to find facts, the thing some of us have difficulty with is, since you weren't worried about anybody being involved in a crime, why didn't you ask your close and trusted friend Bill Casey? Listen, you have heard this story about Canadian investors. Let me tell you about something that actually happened, we think. Why didn't you do that and ask him right then and there? That is very puzzling to many people.

Attorney General **Meese**. I'm glad you gave me the chance to answer that because it certainly isn't puzzling to me. I've gone into complex factfinding inquiries before, spent a good portion of my life as a lawyer doing those kinds of things. One of the things you do is you follow particular leads and get the information on those leads before you start asking people who were not otherwise involved about them, and that was what I was doing on that occasion.

Even, as I mentioned yesterday, even as close a friend as Mr. Casey, I felt it was better to find out all that we could know with the person who, to our knowledge, would probably have the most information about it, in this case Colonel North, before I started talking with Mr. Casey about it or Secretary Weinberger or any of the other people who might possibly have information.

Chairman **Inouye**. May I interrupt to announce that a vote is now pending in the House of Representatives. This will explain their absence. They did not run away from you.

Attorney General **Meese**. Thank you Mr. Chairman.

Mr. **Rudman**. Mr. Attorney General, I have a couple more areas to go into. I want to talk about the North interview.

At the end of that interview, you showed Colonel North the memorandum and you asked him several questions about it, you and your associates did, am I correct?

Attorney General **Meese**. That is correct. Actually, it was in the middle of the interview roughly, after about an hour of discussion.

Mr. **Rudman**. One of the questions asked was whether or not there was a cover memorandum that indicated some approval of some kind, am I correct?

Attorney General **Meese**. That came up in the course of the question that was asked as to whether the President knew about this or whether this had been shown to the President, and he said, "Is there a cover memo?" and I understood what he was talking about because the memorandum that we had at that time was not the kind of thing you would give directly to the President; it was the kind of thing that might be attached as an addendum to a decision memo to the President. And, of course, we said that no such cover memo had been found.

Mr. **Rudman**. Of course, at that point you asked him whether there were any other files that might contain those memos, is that correct?

Attorney General **Meese**. That is correct.

Mr. **Rudman**. Do you remember what his response was?

Attorney General **Meese**. I believe that he said he didn't know but he would check, or words to that effect. But that was really in regard not to files that were of the type we had seen. I was asking him whether there was a separate file kept by the National Security Council staff of approved policy documents where the President had approved them. I thought that there might possibly be a file of Presidential memoranda where once the President signed off on it, it was kept separate in a more secure environment than, say, normal routine memoranda such as the ones we saw. I say routine meaning the process, not in terms of its contents.

Mr. RUDMAN. I want to get to that point right there. At that point in time there were several things that existed that in the minds of some, at least, were major alarm bells that were going off that maybe this wasn't just the matter that you had thought it was.

Number one, you certainly had enough evidence in the few days before this that some strange things were going on in terms of statements that people were going to be making to the Congress, people in the State Department saying that statement is not right, people telling you things which subsequently—and Mr. Cooper—which subsequently turned out to be, I'll say, if not true, certainly misleading. You certainly had some concerns at that point that some things were going on down there that didn't make much sense. Is that a fair observation?

Attorney General MEESE. I would say, as I did yesterday, that we had concerns that there were differences in recollection that should be resolved, yes.

Mr. RUDMAN. There were some major differences in recollection. We are talking about something where obviously you have either got a cover story or you have got somebody with a terrible memory who's confusing oil-drilling equipment with missiles?

Attorney General MEESE. Actually, what we had was a situation, Senator, in which different people who were in different parts of the world had differing recollections, which were easily explainable in terms of the fact that the people who couldn't remember particular things or remembered them differently were occupied in probably the biggest event in the history of the Presidency, President Reagan's meeting with the General Secretary of the Soviet Union, and to me it was understandable that they didn't have pinpoint recollection or even general recollection.

I have been in situations with the President, and quite frankly the big event shuts almost everything else out of your memory.

Mr. RUDMAN. Well, that may be.

Attorney General MEESE. So those were the reasons why it didn't seem particularly strange to me, but it certainly did raise issues in which there were differences of recollection that I felt ought to be resolved.

Mr. RUDMAN. If that didn't set off a loud alarm bell, certainly the diversion must have set off sirens?

Attorney General MEESE. No question at all—that it did.

Mr. RUDMAN. At this point you have Colonel North, who is a can-do fellow who's carrying out orders. He's sitting in your office and he tells you that he will try to find some things for you. I just——

Attorney General MEESE. No. No, I asked him the question. I didn't ask him to find anything. I asked him the question, "Is there a separate file of Presidential documents?" He said, "I don't know; I'll check." We didn't leave it at that. I sent my people over to talk with Admiral Poindexter the next day to see if there was such a file.

Mr. **Rudman**. I understand that, but he obviously indicated he would check on it? You didn't ask him to do that but he said he would? I understand that.

Attorney General **Meese**. Yes, but we certainly didn't leave it at that. We went ahead and found out for ourselves whether there was any such separate file.

Mr. **Rudman**. My question is a simple one in light of what we now all know. Even if the conflicts in memory were just that, they weren't, of course, but they might have appeared to be, and then you found the diversion memo. Didn't you have any concerns at all to let the fellow who was in the center of this back to where all those records were in terms of your factfinding investigation, even assuming it was not a criminal matter?

Attorney General **Meese**. Senator, none of the people who were there had any such concerns, including myself. One of the reasons we didn't is we had already been showed all the records. Our people had completed their search and their review of all the records that had been given to us by Admiral Poindexter and his people.

Mr. **Rudman**. Of course, you know what happened thereafter from testimony. I believe you know.

Attorney General **Meese**. I understand that there was some shredding, although I do understand that most of the shredding had been done prior to our people even getting on the premises and most of it had been done prior to the meeting with Colonel North.

Mr. **Rudman**. There was some left, evidently, because we have White House records supplied to us by the Secret Service that show that Colonel North went back to his office that night, sometime after his meeting, and was there till roughly 4:00 in the morning, and when one of the secretaries came in the next morning, the shredder bag was full. So I dare say there might have been something there that you might have found interesting?

Attorney General **Meese**. It may be that there were. I don't know.

Did the committee, when they talked to Colonel North, ask him what documents he did in fact shred?

Mr. **Rudman**. I don't think Colonel North had a clear recollection of what documents were shredded. I think there were so many that were shredded over a period of time that some of them were, I am sure, legitimately part of the National Security files and others, of course, we will never know. That, of course, is one of the major problems.

I guess I'll get to this question and reserve the balance of my time and yield to my friend from Maine.

I want to ask you what is probably the single-most important question that we can ask you, which is one that none of us understand, and if you can explain it to us, we would be very grateful.

By the morning that it was decided that Colonel North and Admiral Poindexter would be relieved of their posts, although you had major portions of the story, to your credit, there were many things that you didn't have. You didn't know how much money was involved from the people who were involved with it. You didn't know who the agents were. You didn't know who else in government knew. I could go on.

One thing came through loud and clear from both Admiral Poindexter and Colonel North: No matter what else you might want to say about their testimony, it was clear, at least to me, that they were very loyal to this President and they were very loyal institutionally to the office of Commander in Chief and the President, and what we have a hard time in understanding is, I understand the pressure, but we are talking about maybe 1 or 2 more days; how is it that the President, through his Attorney General, or the President directly on your recommendation did not get these two people into an office at the White House before they left, before an independent prosecutor, before you even thought it was a criminal matter, and asked to write not a chronology but a report on who did what to whom and when and how it was paid for? Why didn't you get the whole story that would have foreshortened our job, Mr. Attorney General, by a matter of months? Obviously, there might have been facts disclosed at that time that we still don't know.

Attorney General **Meese**. First of all, we did know much of the things you mentioned. We did know how much money was involved. Colonel North had told us that he thought that there was about—there had been in this one particular situation about $12 million involved, and he felt that that had happened two or three times. That was the basis for my estimate during the news conference, that it was somewhere between $10- and $30 million that was involved. So we did have the word from Colonel North already at that time as to how much money was involved.

Secondly, as to who the agents were, Colonel North in his description of what he had told us, and we had no reason to think he would change that on further questioning, indicated how this had happened, I related that yesterday, and indicated that he was the one who had worked with the Democratic Resistance Forces in setting up of the bank accounts and who was doing the different actions.

And, thirdly, he had already told us, as had Admiral Poindexter, who in the Government knew, so we knew exactly what their story was on those points.

I think those are all reasons why we knew a great deal at that time. But to go on, at that point there was no doubt in my mind that it was in fact a criminal investigation that would be needed to ensue, and therefore we did bring the criminal division or the criminal attorneys and the FBI into it immediately, and they would have been the ones to question both Admiral Poindexter and Colonel North. And by the time they were prepared to do that, of course, they had gotten attorneys.

Mr. **Rudman**. That may be, Mr. Attorney General, but I would submit to you, having great respect for the criminal justice system, that under these extraordinary circumstances that two members of the Armed Forces, a rear admiral and a lieutenant colonel, both with distinguished military careers, with all that you have said being so, would have been able to tell their Commander in Chief anything he asked them, and I'm just surprised that someone didn't put them into that situation and thus avoid the country much of the agony.

For instance, had we had a statement from Admiral Poindexter in writing signed and witnessed as to what he told this committee dated the 25th day of November, I dare say that we wouldn't have any lights in here at all.

Attorney General **Meese**. The interesting thing, Senator, is that what he told this committee when he was here was exactly what he had told me in terms of the President's knowledge or anyone else in the White House.

Mr. **Rudman**. But, of course, by the time he left the White House, that statement was unavailable to this committee.

Attorney General **Meese**. No.

Mr. **Rudman**. Oh, yes.

Attorney General **Meese**. I am saying he told me exactly what he told the committee. So suppose he had said to anyone else 2 days later what he told me on Monday, the 24th, how would that have made any difference?

Mr. **Rudman**. I think a great difference would have been if we had had from Admiral Poindexter before he left the White House, and Colonel North, a written description of what they did and what authority he had. I think there was an obligation to do that to the President. Let me just wind up.

Attorney General **Meese**. Senator, let me also say the President could not have ordered them to do that without reading them their rights under section, I believe, 31 or 32 of the Uniform Code of Military Justice. A whole different set of circumstances had come into play by that time than what we had when I talked with Colonel North and when I talked with Admiral Poindexter on the 23d and 24th.

Mr. **Rudman**. I agree.

Attorney General **Meese**. People have even made the statement, "I should have read him his Miranda rights." Obviously, there was no reason to read him at that time. But by the 25th, there certainly was reason to read him his Article 32 rights or Article 31—as the case may be—under the Uniform Code of Military Justice.

Mr. **Rudman**. I think, all things being equal, taking Colonel North's testimony that he would "literally stand on his head" if ordered by the Commander In Chief, it would have been time to have a little history made and have them read their Article 31 or 32 rights. I think this matter was so important that the President of the United States was entitled to all of the facts from his two subordinates before they left the White House, criminal charges notwithstanding. That is my view.

Attorney General **Meese**. My view, Senator, is that we had all of that information before they left the White House and that not one thing that has been said since that time by Admiral Poindexter, and only in the case of Mr. Casey has it varied from what we were told on that Sunday and Monday.

Mr. **Rudman**. Well, you would agree, I expect, with Secretary of State Shultz, who said that at the time that all of this was happening, the people that were advising the President—he was not speaking of the Attorney General, he was speaking of the people at the NSC—had kind of a built-in conflict of interest, that they were hoping the great communicator would bail them out. You would agree the President was not well served by his people when he was trying to make a forthright statement to the American people, not only wasn't the President dealt with very accurately, but you were not dealt with, it seems to me, in an open and direct way. Would you agree with that?

Attorney General **Meese**. I think there were instances where that occurred, yes.

Mr. **Rudman**. Thank you, Mr. Attorney General. I will reserve the balance of my time.

Chairman **Inouye**. Senator Cohen is recognized for 30 minutes.

Mr. **Cohen**. Thank you, Mr. Chairman. I think the record should show the equal division of time by the chairman and vice chairman of the committee is really on New Hampshire mean time. I appreciate Senator Rudman for accommodating me.

Mr. Attorney General, yesterday I was a bit confused initially with Mr. Van Cleve's asking you several questions calling the investigation a factfinding inquiry. On a couple of occasions, I think you indicated one time you were asked to assemble facts, and then you, in the same paragraph, said a factual overview. I assume that you associate this with a factfinding inquiry, your investigation from the 21st of November through the 25th?

Attorney General **Meese**. I considered my activities a factfinding inquiry, also a factual overview, and also a review of the facts.

Mr. **Cohen**. All the same thing?

Attorney General **Meese**. All the same thing.

Mr. **Cohen**. I was curious on January 7th, 1986, you apparently were brought into the meeting that occurred in the White House pretty cold?

Attorney General **Meese**. Yes, sir.

Mr. **Cohen**. I think you indicated you may have had a meeting the day before. You had been apprised of that but had no recollection of that. But as of January 7th, you were brought in and asked to give an opinion as to the wisdom of going forward with this so-called Iranian Initiative?

Attorney General **Meese**. I wasn't asked to give an opinion in that sense. I was asked to participate in the discussion, and I was asked to concur in some legal views.

Mr. **Cohen**. Did you not indicate that you favored the initiative going forward?

Attorney General **Meese**. Yes. I was asked what my opinion was, as were others there.

Mr. **Cohen**. Isn't that an opinion?

Attorney General **Meese**. Yes, but not in the sense of being the sole person to give an opinion. As one of a group in a discussion, yes. My opinion was asked during the discussion.

Mr. **Cohen**. All I am getting at is you were brought in, and this is the first time you had any information concerning this. You were not aware, for example, of the conversations Bud McFarlane had back in July of 1985 and August of 1985. You were not aware of the decisions in September or October pertaining to the shipment of HAWK spare parts? You were not aware of the December 7th meeting even though your records—you thought you were there?

Attorney General **Meese**. No. I never thought I was there.

Mr. **Cohen**. Someone apparently thought you were at that meeting?

Attorney General Meese. Only people who didn't know what was going on. I knew very clearly I was in Vienna on the day of that meeting.

Mr. Cohen. So you had no basic background in this entire initiative prior to January 7th?

Attorney General Meese. That is correct.

Mr. Cohen. You were called upon to, as a member of the NSC, as such, to give an opinion as to your judgment as to whether, who should go forward at that time, correct?

Attorney General Meese. That is correct.

Mr. Cohen. You were aware of Operation Staunch that the Secretary of State was very much concerned about in terms of trying to persuade our European allies and others not to sell weapons to the Iranians?

Attorney General Meese. Yes, sir. I was generally aware of it.

Mr. Cohen. And the Department of Justice also, I think, had a fairly active antiterrorist program it was promoting?

Attorney General Meese. Very definitely.

Mr. Cohen. What was it that led you to decide in favor of going forward under those circumstances where the Secretary of State, the Secretary of Defense were vehemently opposed to the sale of weapons to the Iranians as part of this package?

Attorney General Meese. Well, there were several things, Senator Cohen. I described it since that time as a 51–49 percent type of judgment which could have gone either way. The principal things that were involved were, first of all, the statements that had been made to us, I believe, by Admiral Poindexter that the Israelis had talked to them about the fact that there were elements within the factions in the Iranian Government that were willing to develop a channel of communication with the United States. I had been very much concerned as a member of the National Security Council, studying that whole region, about the Soviet threat to that region and about the high probability that any continuation of the Iran-Iraq war could create a vulnerable situation which the Soviets would be able to capitalize on what was happening in that region.

So, secondly, we were very much concerned about the way in which events had turned since 1979, that what had been a rather staunch ally of the United States in that area was now an implacable foe, and it was a great desire on my part, as it was on many there, to develop a means of establishing an improved rapport for the future with the Government that either might follow the Khomeini, which some day that will have to happen, or any other change in the Government that might take place.

Mr. Cohen. You had no prior discussions about the need to change the relationship with Iran and the United States?

Attorney General Meese. Oh, sure.

Mr. Cohen. Oh, you had?

Attorney General Meese. This had happened on many occasions, going back to 1981, when we had overviews of the geopolitical situation in the world.

Mr. Cohen. But all of those came back negative in terms of trying to establish a relationship based upon any transfer of arms?

Attorney General Meese. Well, I don't think the subject of transfer of arms had ever been brought up. I think it was a matter rather of the desire to have an improved geopolitical situation. I think also we were all concerned about the Iran-Iraq war and what that was doing, and, indeed, had that initiative been successful, we might not have some of the problems we are having today.

There was also the aspect of terrorism, and there was representations made to us at that meeting that this particular element within the Government was trying to lead Iran away from support of or participation in terrorism, and, finally—and this was certainly a factor—there was an indication that these elements did have some influence upon the Hizballah or other forces in Lebanon that were holding our hostages and that as a means of obtaining their assistance in trying to get the release of those hostages, this would be one aspect of the total initiative.

Mr. COHEN. That was a consequence then?

Attorney General MEESE. No. That was a part of the initiative. That was one of the signs of good faith, but also one of the possible results or anticipated results, actually. And furthermore, it was described to us that we would be involved only with small quantities of defensive weapons which would not alter the balance or contribute particularly to increased terrorism or to affecting the war through the weapons as opposed to affecting the war through the activities that these particular—this particular element would engage in.

Those were the factors that I had in mind when I agreed with the Assistant to the President for National Security Affairs and the Director of Central Intelligence that on a close call, I thought it was worth trying.

Mr. COHEN. I believe at that time you indicated that you recalled the William French Smith opinion?

Attorney General MEESE. As to the means, yes. The question was asked of me, would it be—Bill Casey, I believe said to me, as you know, this can be done through the National Security Act rather than the Arms Export Control Act, as Bill Smith's opinion indicated, and I remember very clearly, because there had been quite a NSC discussion of that whole matter in relation to another situation in 1981.

Mr. COHEN. So Director Casey raised the William French Smith opinion?

Attorney General MEESE. Yes, sir; he did.

Mr. COHEN. And you recalled that?

Attorney General MEESE. I recalled that very clearly.

Mr. COHEN. You didn't have to look at the opinion?

Attorney General MEESE. No. I recalled the opinion very well, because I had studied it very extensively back in 1981 when it was first issued.

Mr. COHEN. Didn't the opinion also contain the following language: "In order to satisfy the congressional reporting requirements imposed on the Secretary of Defense under DOD Appropriation Authorization Acts and on you by the Intelligence Oversight Act of 1980, the House and Senate Intelligence Committees should be informed of this proposal and the President's determination"?

Attorney General MEESE. Yes, it did.

Mr. COHEN. That wasn't applied in this particular case?

Attorney General **Meese**. That was a separate issue. Then the issue was raised at that meeting on the 7th, can the President—I think everybody there was in agreement that the President should delay notification of Congress, and I was asked, "Is this legal?" I said I believed it was under the provisions of the National Security Act, but I would want to check that by reading the statute.

Mr. **Cohen**. Yesterday——

Attorney General **Meese**. And, in fact, I did.

Mr. **Cohen**. Yesterday you indicated in your judgment, at least the way in which it was portrayed at that time, that you contemplated and everyone else contemplated a period of roughly 30- to 60 days during which time the hostages would be back, as soon as they were on board ship in the Mediterranean, Congress would be notified?

Attorney General **Meese**. Yes. Actually aboard a plane is what I understood it to be. But it would be a relatively short period. Although while that was not definitive in terms of this, it certainly made it easier to come to the conclusion that timely notification could be delayed.

Mr. **Cohen**. How would that further the relationship for the Iranian moderates if we were to within that 30- to 60-day period get all of our hostages, assuming that we could, put them on board either a plane or a ship, notify Congress, run the risk as everyone was concerned about this leaking, and consider having a long-term relationship with the Iranians? Wouldn't that totally wipe out the so-called first channel or later the second channel if in fact we—once we got our hostages back, now is the time to notify Congress and run the same risks of leaks that we were unwilling to run before?

Attorney General **Meese**. Well, I think two things. First, it certainly would not have posed a risk to the hostages, and that was one of the risks.

And, secondly, I think that having had that successful aspect of it, that it was less likely that we would run those risks. Certainly the Iranians could be much more removed from the situation than to be directly involved in sensitive negotiations with the Hizballah.

Mr. **Cohen**. Mr. Attorney General, I just want to make the point again that I think the administration has overstated the case in trying to hold out the fear of a leak coming from one of the leadership, either the House or Senate, on this issue that it would jeopardize the lives of hostages. I think it is clear from the record that we are entrusted with many many covert actions that certainly involve the risk of lives, involves many more millions of dollars than were involved in this particular case. Yet the Congress has been trusted.

I would venture to say I think the reason that we were not to be entrusted with this operation, number one, because it was an expressed contradiction to the public policy adopted by the administration, namely trading weapons with the Iranians; and, number two, that the administration was so deeply divided. I am struck by the notion that somehow Congress could not have been trusted with this information about the transfer of weapons to Iran when I look down the list of those who knew. We have Ghorba, the Iranian, who has been described as a professional or pathological liar. We had Adnan Khashoggi, who is an international financier. We have Mr. Furmark, and we can talk about him in a moment; we have two Canadian businessmen; we have Rafael Quintero; Mr. Nir; Nimrodi; Mr. Schwimmer; Mr. Ledeen; Mr. Clines; Mr. Secord; Mr. Hakim; but not Bob Dole, or Robert Byrd, or Lee Hamilton, or Dick Cheney, or not Speaker O'Neill or Bob Michel. That really troubles me.

Attorney General MEESE. Senator, I can only say as an observer, because I can share your concern, quite frankly, the one thing I am convinced is that in the President's mind, and certainly my mind as well, this delay in complying with this timely notification requirement was solely out of concern for the jeopardy of the hostages and the elements in Iran.

The other aspects, whether there was a divided administration, or whether there was some policy differences that might come from this, certainly was not a consideration in my mind, and I am sure it was not in the President's mind.

I also would say that I think personally it should—that there should be few, if ever, instances, and this was one of the very rare instances where this administration has not immediately provided prior notification. I have been present, for example, in the Grenada rescue effort where those same officials you mentioned were brought down in my presence. I think it is a very rare thing that would happen.

That it why this was—that is why I am convinced that in the mind of the President, rightfully so, in the mind of others there, this was such a rare situation that also key people within the administration were not even notified. So it was not, in any way, a slight, I don't think, a deliberate slight of Congress as opposed to the administration.

I think most of us are as much concerned or more concerned with leaks in the Executive Branch than we are with the Intelligence Committees or the leadership of the Congress. I assure you that it is my own view that notification of Congress is not only important from the standpoint of complying with the provisions of the law, but also is the best way to have support for those kinds of initiatives, whatever they might be.

I might say this administration, of course, is not alone. The previous administration on, I think, three different instances used the same technique of delaying timely notification.

Mr. COHEN. Not 14 months' delay that I am aware of.

Attorney General MEESE. I don't know what the delays were. I just know there were those instances.

Mr. COHEN. When did you first learn about the off-the-shelf, self-sustaining fund that was designed for the use of other covert activities?

Attorney General MEESE. I'm sorry.

Mr. COHEN. The off-the-shelf, self-sustaining fund to be set up by the sale of American weapons to the Iranians through the so-called agents or middlemen—inflate the price and use a portion of the price to go to the Contras and other operations.

When did you first learn about that?

Attorney General MEESE. I would think that you are talking now about the diversion scheme as we've come to know it here?

Mr. COHEN. Beyond the diversion scheme; I am talking about that fund sitting over there in a Swiss account which had funds for other projects that Bill Casey mentioned to you about the allegations coming from Furmark and Canadian businessmen dealing with other American-Israeli projects, when did you first learn about that?

Attorney General MEESE. Bill Casey never talked to me about any fund. All Bill Casey told me on the evening of the 22d of November was that these people were threatening to say that money had been used for other projects.

As far as a fund in terms of what you talk about, off-the-shelf funding and all that sort of thing, I don't believe I learned any of those details to the extent I know them until these hearings commenced and a great deal of that information was portrayed here.

Mr. COHEN. Is it fair to say if such a fund were set up, it would require notice certainly to the President and to the Congress of the United States if covert activities were to be carried out using those or any other funds?

Attorney General MEESE. Yes, sir.

Mr. COHEN. Now, according to the testimony, Director Casey, Colonel North, Admiral Poindexter and even some members of this committee thought the diversion was a fairly neat idea, and it struck me that, after all, this is the ultimate covert hat trick.

We trick the Ayatollah, we trick the Sandinistas, and we trick the Congress itself because we ended up using funds for a program which it thought it had prohibited.

And I was wondering, what is wrong with that particular arrangement? What is basically wrong with it?

Attorney General MEESE. Well, I think for one thing using funds in a way if it were illegal to deceive the Congress— first of all, I think deceiving the Congress in any way is not a good idea.

Mr. COHEN. I agree with you.

Attorney General MEESE. I think that is one of the aspects.

I think again there's some things that have to be done in a covert manner, but again the processes of notifying Congress and of obtaining congressional support of the leadership for these things is very important.

Mr. COHEN. You knew intuitively, the moment the question of diversion arose, that there was something wrong with that?

Attorney General MEESE. Absolutely. I knew that it was unauthorized. And I knew it was a violation of the implementation of the President's policy.

I also knew that it had a tremendously adverse impact or potentially an adverse impact on the very thing that was trying to be done, mainly assistance to the Freedom Fighters in Nicaragua.

Mr. COHEN. Would you agree that the Economy Act was never designed to allow a transfer from the U.S. Government to a third party, but rather the Economy Act was designed to allow transfers from the Department of Defense to the CIA, and we don't want to have one department charging or making a profit at the expense of the other, but there was never any intent to allow U.S. taxpayer-owned property to be sold under the Economy Act at an inflated price so that the profits could be used for something else?

Attorney General MEESE. I am satisfied that is consistent with the intent of the Act, yes, sir.

Mr. COHEN. Could I inquire, Mr. Attorney General, why did you advise Colonel North to get an attorney as of Friday, which would have been November 21st?

Attorney General MEESE. I did not advise him to get an attorney.

Mr. COHEN. You did not?

Attorney General MEESE. No, sir. I have no recollection of ever talking to Colonel North about getting an attorney.

Mr. COHEN. All right. Because at that point there was no reason for him to get an attorney, was there?

Attorney General MEESE. Not that I knew of.

Mr. COHEN. As far as you were concerned, everything had been authorized—as far as the sale of weapons to the Iranians, the President had signed off on that, and as far as the covert activity or secret activity with the Contras, that was expressly or implicitly adopted by the President, so there was no wrongdoing there?

Attorney General MEESE. So far as I knew, there was no reason for him to get an attorney and indeed I never—as I say, I don't recall ever having any conversation with him whatsoever about getting an attorney.

Mr. COHEN. I was curious, in response to Senator Rudman's inquiry about the diversion situation, about the only consistent testimony we have is the nature of the expletive you used. Everybody recalls exactly what you said when you were finally confronted with that diversion—very clear. All the people involved know what you said.

But something obviously changed in your mind from that point on. It was no longer simply a sort of a factfinding inquiry on a civil matter. Something went off in your head, I think you used the word "a siren"—Senator Rudman said sirens must have been going off and you agreed.

Attorney General MEESE. I agreed it was a wholly different situation than the one we started with at noon on the 21st of November.

Mr. COHEN. It became so on Saturday after you talked with Director Casey, more so, because then you learned about the so-called Canadian businessmen seeking to perhaps extort money out of the United States?

Attorney General MEESE. No. I honestly didn't think that that had any particular relation. I didn't think that that had any connection.

There was nothing Mr. Casey told me that would indicate it did, although it was worth coming back to and looking at later on to see if there might be a connection.

Quite frankly, when I got the documents the following Wednesday that related in much more detail, again there was no connection.

Mr. COHEN. You certainly found a connection as of Sunday afternoon after you talked to Colonel North?

Attorney General MEESE. Yes, sir.

Mr. COHEN. At that point in time, hadn't—in your vast experience as a prosecutor in California and elsewhere on the part of this Government, at that point in time, once you learned from Colonel North himself that indeed a diversion had taken place, didn't that click in your mind that now we had the potential for the violation of criminal statutes?

Attorney General MEESE. We had the possibility of criminal statutes being violated or at least the potential for that. That is why I indeed had people look in to see whether there were criminal statutes.

Mr. COHEN. Basically it is no longer a factfinding inquiry or oversight. Something went off in your mind that said wait a minute, we have got a serious problem, not only about the diversion memo but now we have it from Colonel North himself that funds were in fact diverted.

In your mind, at least, it is no longer a civil inquiry; you are leading up now at this point in your mind, as a former prosecutor, that there is the very real possibility of a violation of existing law?

Attorney General MEESE. I didn't know of the violation of any existing law at that time. What was in my mind—my mind set at that time was we had a continuing civil inquiry but there was a potential in the future for determining it might have criminal implications, which in fact had occurred—or at least suspicions along that line had occurred by the following evening sufficient that we were able the next day to refer to the Criminal Division.

Mr. COHEN. I found it somewhat curious, Mr. Attorney General, that all of the evidence involving Presidential knowledge and approval of the Israeli transfers was either altered or shredded.

Do you have any idea why such an effort was made to either alter the evidence or destroy it with respect to that transaction?

Attorney General MEESE. Obviously the Presidential Finding that was signed on the 17th of January is still in existence. I believe the committee has copies of that.

Mr. COHEN. I am talking about prior to January 17.

Attorney General MEESE. Apparently—I don't know.

Mr. COHEN. What is the problem? Is it because there was no Finding? We know that the President believed he gave an oral Finding? Was it because it was retroactive in application?

Attorney General MEESE. I don't know. We found numerous documents relating to that. There were numerous memoranda in the NSC.

Mr. COHEN. They were all altered.

Attorney General MEESE. Why they were altered, I don't know.

Mr. COHEN. To reflect it was not a United States either authorization or—indeed, almost no acquiescence. I don't understand what the effort was to portray this as somebody else's idea and the U.S. had no connection at that time.

Attorney General MEESE. I am not sure that is correct, Senator. As the story was told to me in November by various people, including Colonel North, there was no—at that time, there was no hesitancy to acknowledge the United States involvement.

As has been pointed out here, Mr. McFarlane even went to great lengths to indicate Presidential involvement earlier, rather than later, at a particular point in his testimony.

So I don't really know the answer to your question.

Mr. COHEN. Yesterday I interrupted Congressman Rodino on the Evans case. I would just like to clarify it for the record.

My understanding is—and Senator Rudman raised this issue with you again this afternoon—that on Friday, November 21st, a staff meeting was held at the Department of Justice, during which time you were not present, that Mr. Weld argued that the Criminal Division should be involved because they were involved in the handling of the Evans case. That basically was the argument he presented to his associates.

Attorney General MEESE. I don't believe that is correct.

Mr. COHEN. Let me finish and I'll show you.

Then on Monday apparently you called, placed a call to him to indicate—apparently the information had sort of percolated up to your level at that point—that Mr. Weld thought there should be a Criminal Division investigation.

Attorney General MEESE. No, that is not correct either.

Mr. COHEN. You called him on Monday; is that correct?

Attorney General MEESE. That is correct.

Mr. COHEN. You indicated to him at that time it was not an inadvertent oversight or error as to why the Criminal Division was not involved, right?

Attorney General MEESE. Actually these are two separate instances.

Let me take Monday first. What I did on Monday was call him so that if he heard about an inquiry taking place in the department, he wouldn't wonder why the Criminal Division was not involved. I indicated to him, as a matter of indicating to him, that we had in mind the Criminal Division, they hadn't been forgotten.

I may have even said—I don't know, I don't recall the specific conversation, but in talking with Mr. Weld about it, in trying to reconstruct, I believe I was assuring him that the Criminal Division might well become involved.

Mr. COHEN. My time is running out, Mr. Attorney General. I just want to make a couple of statements and observations about this entire affair.

It is obvious to many of us on the committee that General Secord and Admiral Poindexter and Colonel North are all rather bitter and angry toward you over the decision to go forward with the special prosecutor. I think that they indicated they felt betrayed. And the question is why—obviously, because they felt they had authority.

According to their analysis or at least recollection, there was an oral Finding in August of '85, a December Finding in '85, the January 6 Finding, a January 17 Finding, all of which authorized the sale of weapons.

There was a secret supply of the Contras that had long been underway. A couple of these key individuals were involved in helping to keep that particular freedom fighter movement alive.

There was also a creative financing scheme that was utilized by the Israelis and approved, apparently by either Director Casey, but certainly Colonel North and Admiral Poindexter. Admiral Poindexter believed that he could read the telepathic wave lengths of the President—if the President had known, he certainly would have approved this.

Then we had the disclosure in the Beirut newspaper on November 3d. That set off the series of activities that became the subject of this investigation.

Colonel North then, under Admiral Poindexter's either direction or acquiescence, sort of stoked up the shredder—actually it choked up the shredder is the way it turned out. The documents were altered. We had chronologies being constructed to so-called gild the President's record.

Then on November 25th you disclosed the revelation about the diversion and that the factfinding inquiry suddenly had a shift to a potentially prosecutorial one.

Admiral Poindexter and Colonel North and General Secord expected you to stand behind them because they thought the President was standing behind them and that either you squeezed the sort of hair trigger under public pressure or you threw them overboard to save the captain of the ship.

I find it somewhat ironic that the members of the President's action team are critical of you for making haste and that members up here or elsewhere are critical of you for making haste too slowly. That is one of the many ironies involved in this.

There is another one I want to mention briefly.

These hearings that we are conducting have been associated with another event that occurred back in the early '70s. I think Congressman Cheney has spoken on many occasions as to why this particular occasion is odious. But there is one superficial parallel that continues to haunt me a little bit.

Fifteen years ago as a night watchman—his name was Frank Wills—I am not sure many people remembered his name, but he discovered a piece of tape on an office door and that led to the disclosure and the unraveling of the surreptitious plan of political vindictiveness and even an abuse of Presidential power.

In this case we don't have a night watchman. We don't have tape. But we have an Assistant Attorney General and a small paragraph in a diversion memo. Had that paragraph not been either observed or preserved, then at least I think one could argue that we would not be here today.

All references to the authorization of the shipment of weapons by the Israelis in 1985 had been altered. The December Finding with its retroactive provisions had been destroyed. The January 17 Finding made no reference to prior actions and only one draft memo survived Colonel North's shredding machine.

Now, if there was no diversion memo, there was no evidence of wrongdoing, there would be no money trail, no U.S.S. Enterprise, no firings, no need for an independent counsel, no Tower Board, no joint committee—just a straightforward foreign policy decision by the President to open up a dialogue with the so-called Iranian moderates and get the hostages back in the process.

So we could then be in the position of challenging the wisdom of the President's decision but not his power to decide.

Now, I am overstating this just a little bit because I think the controversy would have continued to boil and the vigorous American press that is out there would have demanded and eventually discovered more facts and answers.

Nevertheless, we have the situation, some are always going to speculate that everyone who had approved the Iranian initiative had hoped that Colonel North would have had enough time to complete his search and destroy mission and that Secretary Shultz would stand in what I would call a false phalanx that some tried to structure around the President in the name of loyalty. When that didn't happen, the center could no longer hold and the story couldn't be contained, not without compromising at least two additional members of the Justice Department.

What I want to say, Mr. Attorney General, is whatever criticism any of us might have concerning the investigation, I prefer to believe that men and women who are regarded as "idealogs" do not allow their political views or values to obscure their personal honor.

Bradford Reynolds comes to mind. It took intelligence to recognize the significance of that diversion paragraph and honor to observe it. And I think honor for you and the President to report it.

One final point and I think perhaps a final irony if I can. You sit before us today not as an NSC member, not as a Presidential adviser, but as the chief law enforcement officer of this country. And you hold this position, in my judgment, by virtue of the existence of a so-called special prosecutor law that a number of us on this committee had a great deal to do with writing back in 1978, rewriting in 1982 and rewriting again in 1987.

You took advantage of that law when criticism was leveled at you and you looked to the special prosecutor to clear your name, and he did. As a result of that, I think you are sitting here today as Attorney General.

I find it ironic because your assistant, Mr. Bolton, who sits behind you, has now vigorously criticized that law as being unconstitutional.

I think it is clear that you and the attorneys general who have preceded you wear too many hats—Presidential adviser, personal friend, NSC member, chief law enforcement officer. It is not clear to everybody else which hat you are wearing at any given time.

I think that is the reason why Congress felt it was important to write a law allowing for the appointment of special prosecutors, because we believe the American people would not perceive or believe that our laws were being fairly and impartially administered when it came time to passing judgment on high-level officials, including the President himself.

If we want to do away with the special prosecutor or independent counsel laws and restore the mantle of impartiality to the Justice Department which it deserves, then I think it is time to stop the time-honored practice of appointing personal friends or indeed even relatives—I am thinking of Robert Kennedy—as attorneys general.

Let the President appoint his close friends as White House counsellors, but let him pick a person recognized not only for his ability but impartiality as the chief law enforcement officer of this country. Then we can abolish all the independent counsel laws.

If we insist the FBI director be a person of high and independent caliber, then I find it indeed ironic we would have tolerated over the years the practice of his superior being viewed as a political figure and a personal friend of the President, rather than the institutional protector of justice in America.

Frankly, I have no illusions this recommendation will be warmly embraced, but I don't believe we will ever restore the people's belief in the impartial administration of justice until we pick impartial people.

Thank you very much.

Attorney General **Meese**. Thank you, Senator.

If I may just make three comments on your very eloquent statement. First, I am appreciative, on behalf of myself and others members of the Justice Department, for your comments on the honor and integrity that was displayed in the investigation.

Secondly, I want to make it clear that our Department has not opposed the independent counsel law, but has sought to work with the Congress to remove whatever constitutional infirmities there might be in the law so it can go forward and withstand attack by those who are attacking it on constitutional grounds.

And thirdly, I think that in regard to your suggestion as to the Attorney General, what you have said about the way in which we have conducted the investigation, and without regard to the President, the people we worked with in the White House or anything else, we did present the facts as we knew them even to seeking an independent counsel and initiating a criminal investigation, because that was the right thing to do, even at the risk of what you call the resentment of those who feel we should have done otherwise, "to protect the President."

So I think that in itself is an explanation, if not a representation, as to the position that I at least hold, the job of Attorney General, and the fact that as Attorney General, as I said the day in which I was sworn in, regardless of who's involved, from the President on down, I'm going to enforce the law with integrity, firmness and impartiality, and I think, as you pointed out in your remarks, that in fact was done in this case.

I thank you for what you said.

Chairman **Inouye**. The chair is pleased to recognize the Deputy President Pro Tempore of the United States Senate, Senator George Mitchell.

Mr. **Mitchell**. Thank you, Mr. Chairman, I understand that I have 45 minutes, Mr. Chairman?

Chairman **Inouye**. Forty-five minutes.

Mr. **Mitchell**. Good afternoon, General.

Attorney General **Meese**. Good afternoon, Mr. Mitchell.

Mr. **Mitchell**. When these hearings end next week, the committee will begin to prepare a report. One of the problems we face is the conflict of evidence on several key points, how, if at all, can we determine credibility. You are in a unique position to help us. You knew most of the people involved and you personally interviewed them in the course of your factfinding inquiry. So I would like to begin with a few questions about credibility.

You said yesterday that former CIA Director Casey told you he knew nothing about the diversion. Your words were, and I quote you, "It was Mr. Casey himself who told me on Tuesday morning that he had known nothing about it."

As you know, Colonel North told this committee that he had told Mr. Casey of the diversion, that he showed Mr. Casey a written memorandum describing the diversion, and that Mr. Casey knew in advance of the diversion, and in Colonel North's words, "was enthusiastic about it."

Now, those statements are in direct conflict as to Mr. Casey's knowledge. They cannot both be true.

My question to you is, which of those statements do you believe, Mr. Casey's statement to you that he knew nothing of the diversion, or Colonel North's statement to this committee that Mr. Casey did know of the diversion?

Attorney General **MEESE**. Well, Senator, it is always hard to judge credibility when you have not had the opportunity to observe the witnesses yourself, and in the case of Colonel North, I was not here and did not see him testify. I saw an occasional glimpse of his testimony, but I could not really have the same vantage point that you had at that time.

But let me say this in judging——

Mr. **MITCHELL**. If I may just interject—you interviewed Colonel North at some length?

Attorney General **MEESE**. I'm coming to that.

Mr. **MITCHELL**. And he specifically responded to that question.

Attorney General **MEESE**. I'm coming to that. Rather than judging the credibility of the individuals, but rather as to which statement is true, it seems to me that we would have to look at the statement that was given to me at the time that this matter first came up when there was no jeopardy to the individuals involved and at a time when Mr. Casey was still available to refute any statement that might have been true or untrue.

And at that time Colonel North said to me, without any question, that there were only three people in the Government who knew anything about this: himself, Admiral Poindexter, and Mr. McFarlane. And so it would seem to me, if I had to judge, that the statement given at that time probably has the most value as an accurate statement.

Mr. **MITCHELL**. You are saying then that you believe Mr. Casey's statement to you?

Attorney General **MEESE**. I do believe Mr. Casey's statement to me, based upon that kind of rationale, yes.

Mr. **MITCHELL**. And you disbelieve the statement made later by Colonel North?

Attorney General **MEESE**. As I say, I'm not in a position to evaluate that, but it seems at odds with what he told me on the 23d of November.

Mr. **MITCHELL**. On the subject of credibility and statements to you. You interviewed Colonel North at some considerable length in your office?

Attorney General **MEESE**. Yes, I interviewed him for 2 hours—I was present for 2 hours of the interview and others in my office interviewed him about an hour and 45 minutes beyond that.

Mr. **MITCHELL**. Exhibit 47 represents notes taken by one of your assistants of that meeting.

Attorney General **MEESE**. Yes, sir, that is correct.

Mr. MITCHELL. Colonel North told you in that meeting that an Israeli official, Mr. Rabin, had told him that Israel was shipping oil-drilling equipment to Iran in November, '85, and that he, Colonel North, later learned about the HAWKs from General Secord.

Are you aware that Colonel North testified here, contrary to what he told you, that he knew all along that the '85 shipment to Iran contained HAWK missiles?

Attorney General MEESE. I did not know that until I heard it addressed briefly yesterday, and now in more detail by your statement.

Mr. MITCHELL. Colonel North told you, according to your recollection and the notes of the meeting, that Admiral Poindexter was totally innocent until after the fact with respect to the November, '85, shipment.

Are you aware that Colonel North testified here, contrary to what he told you, that Poindexter was involved before the fact in coordinating the '85 shipment?

Attorney General MEESE. I'm aware of it now that you have said——

Mr. MITCHELL. You were not previously aware of that until I raised it with you?

Attorney General MEESE. I was not aware of that before. No, sir. That is right.

Mr. MITCHELL. Colonel North told you that Israel decided how much money would be diverted to the Contras and that U.S. involvement was none.

Are you aware that Colonel North testified here, contrary to what he told you, that General Secord had control over the funds set aside for the Contras and other projects?

Attorney General MEESE. I'm aware of what he said here now.

Mr. MITCHELL. You are learning of this for the first time?

Attorney General MEESE. General Secord, yes.

Mr. MITCHELL. You are learning here for the first time what Colonel North said about General Secord's control over the funds?

Attorney General MEESE. Yes, that was not mentioned to us at all in November.

Mr. MITCHELL. Have you become aware of it since then or are you learning of that now for the first time?

Attorney General MEESE. I am learning it now from what you said.

Mr. MITCHELL. Colonel North told you that the diversion of the funds to the Contras was Mr. Nir's idea.

Are you aware that Colonel North testified here, contrary to what he told you, that the diversion was Mr. Ghorbanifar's idea? Are you learning of that now for the first time?

Attorney General MEESE. Yes, sir. I had not known that.

Mr. MITCHELL. You had not been aware that was Colonel North's testimony?

Attorney General MEESE. I did not follow Colonel North's testimony in detail.

Mr. MITCHELL. Colonel North told you that the CIA had no knowledge of the diversion. As you know now——

Attorney General MEESE. He said very definitely.

Mr. **Mitchell**. Yes, you testified. As you know, Colonel North testified that, contrary to what he told you, that Mr. Casey knew about the diversion. You were aware of that prior to today?

Attorney General **Meese**. Yes, sir.

Mr. **Mitchell**. Colonel North told you that Mr. Calero opened three Swiss bank accounts and that he, Colonel North, gave the account numbers to the Israelis so the Israelis could deposit arms sales funds into those accounts.

Do you recall that statement to you by Colonel North?

Attorney General **Meese**. Yes, sir.

Mr. **Mitchell**. Are you aware that Colonel North testified here, contrary to what he told you, that the funds to be diverted were placed in Swiss bank accounts under General Secord's control?

Attorney General **Meese**. I'm aware of it now that you have told me, yes.

Mr. **Mitchell**. You had not previously been aware?

Attorney General **Meese**. I had seen reference to this in the newspaper, I believe, in general terms, but not in as much detail as you have explained it.

Mr. **Mitchell**. When Colonel North made those statements to you, did you find him to be credible and did you believe him?

Attorney General **Meese**. Yes, sir, I found him to be credible, and I did believe him.

Mr. **Mitchell**. Are you learning today for the first time that Colonel North's testimony to this committee was contrary to what he told you in several respects?

Attorney General **Meese**. I have heard of this during the time that he was testifying from things that were told to me by people that watched the testimony, by some of the news accounts, but not in as much detail as you have explained them today as to the fact that different statements were made before this committee apparently than we made at the time when Colonel North talked to me on the 23d of November 1986.

Mr. **Mitchell**. How do you feel about that? Does it bother you?

Attorney General **Meese**. It does bother me that there is a discrepancy. I can appreciate the problem of the committee in trying to determine which is correct and which is not correct.

There is one aspect of it, that when he made the statements before the committee, there were two things that were different. One is he was under oath. And, secondly, he was under a grant of immunity. That may be something that will be of help to the committee in determining which statements are credible and which are not.

Mr. **Mitchell**. Well, of course, just a few moments ago you argued that his statement to you regarding Mr. Casey should be believed over the statement to the committee because he was not in jeopardy at that time?

Attorney General **Meese**. Yes, I am just saying that they are different considerations. The other major difference is that Mr. Casey is not available to rebut his statement, which I think is probably more profound than even immunity and oath.

Mr. **Mitchell**. Apart from what you call discrepancies, you are the Attorney General of the United States.

Attorney General **Meese**. Sure.

Mr. **Mitchell**. You are conducting a factfinding inquiry at the explicit request of the President of the United States. Does it bother you that apparently you were told things that were not true; therefore, you, yourself, made public statements to the American people which turned out to be incorrect on the basis of statements made to you?

Attorney General **Meese**. It certainly bothers me if statements were made to me that were untrue. Fortunately, the basic outlines that I revealed to the American people were essentially true and remain essentially true. The details as to what you meant indicate here, most of which I did not really talk to the American people about, remain the same as I talked about them on 25th of November, but the fact that the more profound question you raise that untrue statements were made to me by anyone, I absolutely find it a matter of great concern to me. I don't condone under any circumstances anyone lying under any circumstances whatsoever, including whether it is a factfinding investigation, testimony before a congressional committee, statements to the President or statements to me as Attorney General, and I think there is no reason, justification or excuse for it whatsoever.

Mr. **Mitchell**. May we take it that you condemn such actions?

Attorney General **Meese**. I do indeed.

Mr. **Mitchell**. Thank you, General. In your testimony yesterday and today, you referred frequently to your notes which formed a significant basis of your recollection of the interviews that you conducted.

Attorney General **Meese**. Yes, sir.

Mr. **Mitchell**. On Friday, Saturday, and Sunday, November 21, 22, and 23, you interviewed Mr. McFarlane, Secretary Shultz, Judge Sporkin, and Colonel North. On each of those occasions, a member of your staff was present and that person took notes, and it is on those notes that you have frequently relied in your testimony here.

Attorney General **Meese**. Yes, sir.

Mr. **Mitchell**. In your meeting with Colonel North on Sunday, he confirmed that a diversion had taken place, and he told you that Mr. McFarlane and Admiral Poindexter were the only other persons in the administration who knew about the diversion.

I am struck by the fact that on the following day, Monday, November 24th, you met briefly with Mr. McFarlane and interviewed him again, and at that meeting you were alone, and you took no notes, is that correct?

Attorney General **Meese**. That is correct.

Mr. **Mitchell**. You next spoke with Donald Regan, the President's Chief of Staff, interviewed him, and you were again alone and took no notes.

Attorney General **Meese**. That wasn't next. Actually, I talked with Mr. Regan late in the day on Monday the 24th.

Mr. **Mitchell**. When you did talk with him——

Attorney General **Meese**. I talked with him and the President, I met with he and the President and did not take notes at that time.

Mr. **Mitchell**. I think Mr. Regan's recollection is contrary to yours, but in any event, when you did talk with him and the President, it was you and them, and you took no notes?

Attorney General MEESE. That is correct.

Mr. MITCHELL. On Monday afternoon you spoke with the Vice President, and you were alone with him and took no notes?

Attorney General MEESE. That is correct.

Mr. MITCHELL. Later on Monday afternoon, again you interviewed Admiral Poindexter, and again you were alone with him, and you took no notes, is that correct?

Attorney General MEESE. That is correct.

Mr. MITCHELL. On the following morning——

Attorney General MEESE. Actually, the sequence is different. The Vice President was, I think, the last person I talked with on that evening.

Mr. MITCHELL. But in each of the meetings that I have described with Mr. McFarlane, with Admiral Poindexter, with the Vice President, with the Chief of Staff, and the President, you alone were present and took no notes?

Attorney General MEESE. When I was with the President and the Chief of Staff, there were three of us.

Mr. MITCHELL. Right. The next morning, you visited Mr. Casey at his home on your way to the office, is that correct?

Attorney General MEESE. Yes, sir.

Mr. MITCHELL. And one of the notetakers for you at the meetings Friday, Saturday, and Sunday was one of your assistants, Mr. Richardson?

Attorney General MEESE. That is correct.

Mr. MITCHELL. Was Mr. Richardson with you in the car at the time you drove to Mr. Casey's home?

Attorney General MEESE. He was with me. He was riding in to the office with me that morning, yes.

Mr. MITCHELL. When you went in to see Mr. Casey, you left Mr. Richardson in the car?

Attorney General MEESE. Yes.

Mr. MITCHELL. In your meeting with Mr. Casey, it was again alone, and you took no notes of that meeting?

Attorney General MEESE. It wasn't a meeting. It was a quick conversation, yes.

Mr. MITCHELL. In your conversation, right?

Attorney General MEESE. Right.

Mr. MITCHELL. The result of that, of course, is that as to the interviews that you conducted on Friday, Saturday, and Sunday, your recollection has been supported and you have relied extensively on notes taken at those meetings. As to the critical events of Monday and Tuesday, there is only your undocumented recollection and it does raise a question, which I want to ask you. Is there a reason why at each interview you had, up to and including the meeting with Colonel North, there was always another member of your staff present who took notes but that with respect to every interview thereafter you were alone and no notes were taken, or is that pure accident?

Attorney General MEESE. It is not totally pure accident. It is pure accident in a general sense, but they were totally different types of conversations. In the meetings that I had with Secretary Shultz, the meeting with Mr. Sporkin, the meeting with Mr. McFarlane, the meeting with Mr. North, all of these are what you might call interviews where we were seeking to elicit a great deal of information and in which notes were important in order to record that information which we were hearing in each case for the first time.

The other conversations that took place were not for the purpose of eliciting great amounts of information. They were either casual conversations, conversations in which I was the only person present, for example, with the President and Don Regan, in which I don't usually take notes in those quick meetings, or they were meetings in which I was seeing people like Mr. McFarlane simply to confirm information we already had in the long interviews that had already taken place, and it was just by happenstance, in that case it was an accident that nobody was there, because Mr. McFarlane came in just as I was leaving for the White House.

In the case of Admiral Poindexter, all I was just trying to do was to confirm what we already knew, and he did in fact confirm it. Had he not confirmed it, for example, I am sure we would have gone through the usual interview process with him and taken a detailed statement from him.

Obviously, with the Vice President and the President, it is not normal in those conversations to take notes, and the same was true with Don Regan, who I talked with to my recollection and I think my recollection is accurate—after I had met with he and the President at 4:30, I went into some detail with him before going to the Vice President, detail in terms of what we were going to do the next day. And I think it was at that time that he again said to me that he had known nothing about this.

Mr. MITCHELL. Giving you every benefit of the doubt, I think it is difficult to understand that you did not regard Admiral Poindexter, one of the three people in the Government who was alleged to have information about it, the President's National Security Adviser, as a person not sufficiently important enough to have an interview with, but rather a casual conversation.

Attorney General MEESE. The reason that there was no interview was that what he said essentially confirmed——

Mr. MITCHELL. But you couldn't know before hand what he was going to say, could you?

Attorney General MEESE. No, I was trying to find out because I had very little time between the NSPG meeting and my meeting with the President. I thought it important to confirm with Admiral Poindexter, the idea being there would have been ample opportunity to go into a formal interview situation had that been necessary.

Mr. MITCHELL. I will leave it at that and say it is really very difficult to accept.

Attorney General MEESE. I don't understand why it is difficult to accept.

Mr. MITCHELL. Admiral Poindexter was a central figure. And to say that you didn't interview him——

Attorney General MEESE. But everything that he told me was totally consistent——

Mr. MITCHELL. But you could not have known before you talked to him what he was going to say. That is the purpose of having someone there to record the meeting.

Attorney General **Meese**. That is right, but had he said anything differently than that, we would have had a more formal interview to get that information. I explained the circumstances, that I was literally rushed into his office to try to verify this before I was due in the President's office. And it may be strange to you, it may strike you that truth being stranger than fiction, but I take offense at the idea that it is hard to accept, because what I have told you is the absolute truth of what happened. So if there is any question in your mind, I want to get that settled right now.

Mr. **Mitchell**. No, as I've just said it is hard to accept.

Attorney General **Meese**. As long as there is no question as to that being the truth, I will accept your statement.

Mr. **Mitchell**. No, it is just very hard to accept. I mean you didn't for example—you didn't—well I go into that there are some questions that could have been asked, we can leave it at that.

I would like to turn to another question, that is the securing of documents. You began your factfinding inquiry on the morning of Friday, November 21.

Attorney General **Meese**. Actually, it was the afternoon of Friday, November 21——

Mr. **Mitchell**. You met with the President in the late morning I think and began——

Attorney General **Meese**. Yes, the inquiry itself started that afternoon.

Mr. **Mitchell**. Almost immediately thereafter, sometime Friday you made the decision to examine certain documents, is that correct?

Attorney General **Meese**. We made the decision to review the NSC documents to provide a basic documentary background for our factfinding inquiry, right.

Mr. **Mitchell**. But the decision to secure documents was not made until the following Tuesday afternoon, as you have testified here previously?

Attorney General **Meese**. Actually, Senator, we follow the same procedure that you do in your committees. We made a request for the documents, and we expected that that request would be fulfilled, and indeed it was fulfilled the next day.

Mr. **Mitchell**. You in fact were acting in good faith that you expected those with whom you were dealing to act in good faith; is that a fair statement?

Attorney General **Meese**. That is absolutely correct.

Mr. **Mitchell**. But unfortunately, as we now know, on Friday afternoon and late Sunday night Colonel North shredded large numbers of documents.

Attorney General **Meese**. We know that now some months later, yes.

Mr. **Mitchell**. You met with Colonel North in your office on Sunday afternoon?

Attorney General **Meese**. Yes.

Mr. **Mitchell**. You confronted him with the memorandum which made reference to the diversion?

Attorney General **Meese**. Right.

Mr. **Mitchell**. You testified that he acted surprised. Mr. Cooper testified that Colonel North then asked if you had found a cover memo.

Attorney General **Meese**. No. He asked that in a different sequence. The way in which that occurred, we showed him the memorandum, we showed him the portion of it that pertained to the diversion scheme. We then—at some point during the conversation after that he was asked was this ever shown to the President or does the President know about this. It was at that time he asked if there was a cover memo.

As I mentioned, I believe in answer to either Senator Rudman or Senator Cohen's question, I understood what he was talking about because a document such as the so-called diversion memo would not have been presented to the President as it was. If it had been presented to the President, it would have had a decision memorandum or cover memo with it, and I understood him to be talking about that.

Mr. **Mitchell**. I will get back to that in a moment. I have some more questions about it, but I just wanted to go on.

Later that evening, as we now know—and of course you could not have known then—at about 11:00 Colonel North returned to his office. He was there until 4:15 the following morning and, according to his testimony and other evidence, he shredded many documents that night.

He also shredded many documents on Friday afternoon after learning that lawyers from your office were going to be coming over there to review documents. None of us probably will ever know exactly how many documents or what they were.

You said yesterday that looking back with hindsight is easy, that things look different now than they did 8 months ago, and of course you're right, but there isn't any alternative because a fundamental principle in our democracy is public officials must be accountable for their actions and accountability necessarily involves review and evaluation of past actions.

Every member of this panel goes through it whenever we meet constituents and are called upon to defend and explain past votes, past decisions, past statements.

So I would like to ask you some questions on that, recognizing that there is hindsight involved, and you could not have known all of these things at the time.

The first involves testimony by Colonel Earl, who was an associate of Colonel North, and I have his deposition and I would like to have somebody, a member of the staff take it down to you because I want to read a portion of it and then ask you whether the conversation alleged in this testimony did occur.

This is Colonel Earl's deposition, page 65, which is the first page you have there, beginning at line 15.

Colonel Earl is describing a meeting he had and a discussion he had with Colonel North on that Friday afternoon, November 21st, and this is Colonel Earl speaking.

He says he, meaning Colonel North, "mentioned that he had asked—he had said to the Attorney General or asked the Attorney General can I have or will I have 24 or 48 hours. He didn't say both, he said one or the other. I can't recall whether he said 24 or

48, but he asked for that—and he told me that the Attorney General had said something like that he didn't know whether he could have that much time, something like that. Again, I am not quoting."

And then it goes on to describe further the meeting.

My question to you is: did you talk with Colonel North on the afternoon of Friday, November 21st?

Attorney General MEESE. I do not believe that I did. To the best of my recollection, I did not.

Mr. MITCHELL. You can recall no such conversation?

Attorney General MEESE. I can recall no such conversation, no, sir.

Mr. MITCHELL. Either in a meeting at the White House or anyplace else, or a telephone conversation?

Attorney General MEESE. I don't believe I attended any meeting at the White House on the afternoon of the 21st. I also do not believe I had a telephone conversation with Colonel North, and I'm sure that I never had any conversation such as that depicted here.

Mr. MITCHELL. You would remember it if he had asked you something like this?

Attorney General MEESE. I believe I certainly would, yes.

Mr. MITCHELL. So you did not have any such meeting.

On the securing of the documents, it is with hindsight, but a reasonable case can be made that the time at which preservation of documents should occur is the time when inspection of documents occurs, that is, if it is important enough to look at documents, it ought to be important enough to think about preserving them.

I gather from what you are saying is that you were acting in good faith, it simply didn't occur to you at that point on Friday that any steps should be taken to preserve documents from destruction?

Attorney General MEESE. That is correct, it did not occur to me or anyone else, and we follow the same process as I mentioned that you do in your investigating committees here.

Mr. MITCHELL. When did you first think about the possibility of criminal investigation?

Attorney General MEESE. The first real thought that I gave to the possibility of criminal investigation was probably on Monday afternoon—the investigation was probably Tuesday, the 25th.

Mr. MITCHELL. Well, before you go any further, recall what you just said in response to Senator Cohen.

Attorney General MEESE. There I said the possibility that criminal laws might possibly have been violated.

Mr. MITCHELL. Criminal implications I think——

Attorney General MEESE. Criminal implications, right.

Mr. MITCHELL. —was on Sunday when you talked to Colonel North?

Attorney General MEESE. That is correct.

Mr. MITCHELL. Would that have been the first time that entered your mind?

Attorney General MEESE. Criminal implications, yes, I'm sure.

Mr. MITCHELL. But you still did not think about securing documents at that point?

Attorney General MEESE. Well, Senator, we already had examined all the documents and we already, in fact, had the key document, the evidentiary document known as the diversion memo, which was the significant document—a copy of that in our possession.

Mr. MITCHELL. When you say we had examined all the documents, you had examined all the documents that you had seen until then, but in fact there were a great many documents that you never did see nor anybody else?

Attorney General MEESE. Well, we don't know whether those were relevant documents, irrelevant documents, or what they were.

Mr. MITCHELL. Do you think Colonel North spent from 11:00 in the evening until 4:15 the next morning destroying irrelevant documents?

Attorney General MEESE. I think he probably did. I think there were a lot of documents that he destroyed that had no relationship to the Iranian initiative or had any relationship to the Contra diversion of funds.

There were probably a lot of other things that he may well have destroyed documents that he didn't want anyone to see.

Mr. MITCHELL. On what do you base that opinion?

Attorney General MEESE. That is just a guess, as much speculation as yours that there were relevant documents.

Mr. MITCHELL. In the notes taken of the meeting with Colonel North, there is one part of it that raises questions in my mind, particularly in light of your response to Senator Cohen's questions, that when you brought the diversion memo to Colonel North's attention, you at that point thought of the potential criminal implications.

It is page 15 of the notes, exhibit 47.

You may wish to refer to those. The last six lines or actually last eight lines.

The notes read, "If President OKs something into working files of."

The next line reads: "AG: If RR approved it, you'd have it? Yes. Don't think it was. Other files there it could be in? To verify it didn't go forward?"

Then there is a star circled, "OLN will check."

Do I gather that that represented a conversation between you and Colonel North in which you asked him if the President had okayed something, into which working files it would go? And then you asked him if RR, meaning President Reagan, approved it, "you'd have it," meaning Colonel North, and he said, "Yes," but he didn't think it was approved?

And then you asked him are there other files it could be in to verify it didn't go forward? And then you asked Colonel North to go back and check his files to see if there were any memorandum which included approval by the President?

Is that a summary?

Attorney General MEESE. No. That is not what this says.

Mr. MITCHELL. Would you go ahead and tell us what it says?

Attorney General MEESE. What it says, my statement, I asked if the President OKs something, does it go into the working files of the NSC or—and I don't remember—it doesn't indicate what his response was. I assume he said something like yes.

I said, "If he approved it, you'd have it, in other words?" And he said, "Yes, I don't think it was approved," or words to that effect. Then I said "are there other files that it could be in"—and there, that is a shorthand for me asking, I do recall this independent of the notes—would there be another file it was kept, say by Admiral Poindexter of approved Presidential Findings or approved Presidential documents? And I said I would like to find out about that to verify that it didn't go forward.

And he said, as I recall, that he would check into that.

As I mentioned, I believe, in answer to Senator Cohen's question, we didn't leave it to Colonel North to check into whether there was another file. We had our own people go over and check into it independently.

Mr. MITCHELL. What does the star mean next to——

Attorney General MEESE. I don't know. That is Mr. Richardson—he apparently put a star there. He put stars on various things. Put a star on the previous page.

Mr. MITCHELL. Well, I'll represent to you Mr. Richardson has said the star designated an action item, something that was to be done by someone after the meeting.

Do you know, in fact, who went to check the records other than Colonel North?

Attorney General MEESE. I believe Mr. Richardson went back—Mr. Richardson or Mr. Reynolds—I think it was Mr. Richardson went back to check with Colonel Thompson as to whether there was a separate file of approved Presidential decision memoranda.

Mr. MITCHELL. So your testimony is that this was not Colonel North going back to check, but rather someone from your staff was going to check it out?

Attorney General MEESE. No. No. I think Colonel North said he would check and let us know about that, but I also say that in parallel we also checked separately.

Mr. MITCHELL. Oh, I see. All right. Thank you.

I would like to go now to the question that was raised regarding the testimony for Mr. Casey and the briefing for Admiral Poindexter.

As you will recall, you said that on November 20th, you participated in a meeting in Admiral Poindexter's office to prepare testimony for Mr. Casey to give to Congress the following day and for Admiral Poindexter to use for briefing Members of Congress.

Now, at the meeting, the proposed testimony was changed to say that no one in the U.S. Government knew about the shipment of HAWK missiles to Iran in the fall of 1985.

Do you recall that aspect of it?

Attorney General MEESE. I recall that. Yes.

Mr. MITCHELL. Colonel North testified here. He told us that he proposed the change and that when he did so, he knew the statement was false. He further said that Admiral Poindexter and Mr. Casey knew it was false; in his first statement, he included you as knowing it was false, but later under questioning he said he had no basis for that, and you and Mr. Cooper both testified that you did not know it was false because you had no factual basis on which to make a judgment one way or the other on.

Now, it was only later that day that Secretary Shultz who knew the statement was false protested and that was brought to Mr. Cooper's attention, who brought it to your attention.

You testified at some length about that yesterday that you got the phone call up at West Point and you returned.

Now, you have said repeatedly in describing those events that it was a matter of confusion, different recollections, but it seems clear, at least to those of us who heard Colonel North's testimony, that it was a problem of a deliberately false statement being proposed to be made that some of the persons there knew was false, others did not, you being among those who did not know. And it was not until later that Secretary Shultz, who had an independent recollection based again on notes that Mr. McFarlane had told him while at Geneva that they knew it was HAWK missiles, that this was raised.

So my question is, when did you become aware that the problem was one of a deliberately false statement proposed to be given by Mr. Casey and Admiral Poindexter rather than one merely of confusion arising from different recollections?

Attorney General MEESE. I would say that I probably did not become aware of that until at least the time that I had the chance to talk with Colonel North, and I am not even sure then, and it may have been even later.

It may have been after the course of these hearings here.

Mr. MITCHELL. Well, on that point, you talked to Mr. McFarlane on that Friday, that same day?

Attorney General MEESE. Yes.

Mr. MITCHELL. And you and Mr. Cooper interviewed him, and Mr. McFarlane told you that he had not known until after the fact that the 1985—the November 1985 shipment contained HAWK missiles?

Attorney General MEESE. He told me that is what he recalled at that time.

Mr. MITCHELL. And you recall at your deposition you indicated that Mr. McFarlane seemed concerned and somewhat hesitant about this aspect of the interview; do you recall that?

Attorney General MEESE. Well, actually he seemed somewhat concerned and hesitant about a number of—about the TOW missiles, the missiles that had previously been transferred by the Israelis, and when I say concerned and hesitant, this was a feeling that I got that he might be hesitant. He seemed hesitant in answering the questions.

I didn't know whether it was faulty memory or those being at that time more than a year and a half or 2 years earlier, a year to a year and a half earlier, but in any event, I did indicate that I thought he was somewhat hesitant about that, yes.

Mr. MITCHELL. Did you discuss your reaction with Mr. Cooper? He testified, and I quote him now, "I did not leave the interview, nor did I take it during the interview that Mr. McFarlane was being entirely straightforward and entirely forthcoming."

Did you discuss after that with Mr. Cooper your individual reactions?

Attorney General MEESE. I don't think so. I don't believe I discussed it with him. But I thought at the time that he was trying to, as I think I—not distort his testimony, but certainly shade his testimony because he had some idea that this was protecting the President. The President was not involved.

Mr. MITCHELL. That is right.

In fact, you said after the meeting, you talked separately with him, outside of Mr. Cooper's presence?

Attorney General MEESE. Well, that was incidental. I would have said the same thing if Mr. Cooper had been there.

Mr. MITCHELL. He wanted you—McFarlane wanted to make the point to you that the President really was generally behind this whole thing and that led you to tell him the importance of telling the truth and the best way to help the President was to tell the truth?

Attorney General MEESE. Yes, sir.

Mr. MITCHELL. The next morning you interviewed Secretary Shultz. He described to you in some detail his version of the events of the November 1985 shipment which is in direct contradiction to the version of events given by Mr. McFarlane.

Isn't that correct?

Attorney General MEESE. That is correct.

Mr. MITCHELL. All right.

And a few hours after you interviewed Mr. Shultz, you learned of the diversion memorandum?

Attorney General MEESE. Yes. Five hours or so, yes.

Mr. MITCHELL. Sometime early afternoon, I gather?

Attorney General MEESE. Right.

Mr. MITCHELL. Well, and again this is hindsight, and we all understand how difficult it is when you are in the middle of events, but it seems that you had Mr. McFarlane telling you a story that was directly contradicted by Mr. Shultz.

Mr. McFarlane making a point of speaking privately with you about the President and you warning him to tell the truth. You had the diversion memorandum, at least that you knew of at that time.

You are an experienced criminal investigator and people think of criminal investigators as being, if not cynical, at least skeptical about things.

Did anything register in your mind then that there might be here an effort by those involved in this initiative, in the diversion, to prevent the facts from becoming public?

Attorney General MEESE. Senator, first of all, the diversion aspect was totally separate from what had occurred in November of 1985. So there was nothing there that would have aroused suspicion as to those two events.

Secondly now, I was dealing with people who had been entrusted by the President with some of the most important tasks as well as the important secrets of the country. People I all knew to be—I knew all to be honorable and reputable individuals.

And in each case, in the case of the difference in recollection of Mr. McFarlane and Secretary Shultz, Mr. McFarlane said that he couldn't remember that conversation with Mr. Shultz, a conversation about HAWKs with Mr. Shultz. He couldn't remember even a conversation with Mr. Shultz on this general subject at Geneva, but he didn't doubt that he had such a conversation.

And as I think I testified earlier, I chalked up that lack of recollection to the fact that he was almost totally preoccupied with the main purpose of his being in Geneva, which was the summit.

So those were the reasons why it didn't flag anything that anyone was being deceptive. Furthermore, I had no reason to believe there was any reason for anyone to be deceptive about these particular events.

Mr. **Mitchell**. One final area of questioning.

You testified that finally early the next week, you contacted representatives of the Criminal Division and asked for some analysis of the statutes. And within hours, Mr. Weld came back to you with what you referred to as the constructive trust theory.

Attorney General **Meese**. Actually, I think I had told him that there may be a constructive trust theory.

Mr. **Mitchell**. You thought of it before?

Attorney General **Meese**. I thought of it as an abstract theory as we were discussing it.

Mr. **Mitchell**. Basically that is legal talk. What it was was the view that government property was sold, a profit was made, and if the funds were government funds, they belonged to the government and could not be used for other purposes without authorization. Is that a fair layman's description of what the legal implications were?

Attorney General **Meese**. That was my discussion in general with Mr. Weld. He, with his people, after several hours, verified that and came back to me and said that he thought there was enough that we could legitimately open a criminal investigation.

Mr. **Mitchell**. My questions is, is it too much hindsight to wonder why you and Mr. Reynolds and Mr. Cooper and Mr. Richardson, all these lawyers, didn't think of that when you saw the diversion memo? It seems a rather obvious thing, that here was government property sold, a substantial profit made, the funds used for another purpose, leave aside the question of legality of aiding the Contras for any other purpose, without any authorization.

I gather that did not occur to you when you saw the diversion memo or when you confirmed the diversion on Sunday?

Attorney General **Meese**. Actually, at that time we were thinking—we were proceeding first of all, to make sure to find out if it was authorized. I think Mr. North in his statement said that he didn't think it was authorized, or words to that effect.

In any event, he mentioned that Admiral Poindexter had known about it. I wanted to find out from Admiral Poindexter whether, in fact, it had been authorized. He indicated it had not been authorized by anyone who had the ability to authorize it.

It was in the course——

Mr. **Mitchell**. Would you say that again? Admiral Poindexter told you it had not been authorized?

Attorney General **Meese**. I said he indicated to me—he said that no one else—the President had not authorized it obviously. He said he allowed it to go forward, but that was not sufficient. So our concentration was on that whole transaction. It wasn't at that point, but it was following that conversation with Admiral Poindexter, or at about that time, that I asked Mr. Cooper to look into this and it was at that time that the ideas of constructive trust and things like that started to develop.

Mr. MITCHELL. Would you repeat for me please what it was you said Admiral Poindexter said to you?

Attorney General MEESE. Admiral Poindexter, as I testified yesterday, said that he knew about it generally, but that Ollie had given him enough hints so that he knew about it generally and that he had allowed it to go forward and hadn't followed up on it.

Mr. MITCHELL. So——

Attorney General MEESE. So as far as I was concerned, that was clear to me then that it had not been authorized by anybody in authority.

Mr. MITCHELL. So your use of the words authorize and authority are characterization of Admiral Poindexter's words, not what he said to you?

Attorney General MEESE. That is correct.

Mr. MITCHELL. Well, I thank you, Mr. Attorney General. I want to commend you for your condemnation of lying to the Attorney General and lying to Congress, and I would see if in closing I can't get one more condemnation from you.

In your opening statement, you said, "Obviously, the destruction of documents and any breakdown of communication within and outside the administration deserves serious review and reflection."

You are, of course, the Attorney General of the United States, the chief law enforcement officer of this country, and for many Americans, a symbol of justice.

Surely it's not the most you can say about the destruction of documents by government officials, that it deserves serious review and reflection.

Can I ask you if you would not also condemn the destruction of documents by government officials?

Attorney General MEESE. Senator, I have no hesitation at all condemning anything that is used to deceive or to otherwise withhold from proper authorities information they should receive. That includes lying, it includes the withholding of information that should properly be reported to the President, for example, or to the Congress, and it also includes the destruction of any official documents in an effort to deceive those who are in authority who should have access to that information.

I have no hesitation whatsoever in condemning all of those things.

Mr. MITCHELL. Thank you very much, Mr. Attorney General.

Thank you, Mr. Chairman.

Chairman INOUYE. The Senator has 2 minutes remaining.

Mr. MITCHELL. I will reserve that in case I want to make a last closing statement.

Chairman INOUYE. The hearing will stand in recess for 10 minutes.

May we come back into order?

Mr. RODINO. Mr. Chairman I think we can just dispose of this. May I just renew that motion I made yesterday, that is to make the deposition of Assistant Attorney General Weld part of the record as an exhibit, I referred to this yesterday during my questioning of Attorney General North, there was some argument on the part of some of the members and there was an objection, I believe, that since then I have discussed this with Mr. Cheney, who made the objection, and I would hope that this would be entered into the record as an exhibit.

Chairman INOUYE. Mr. Cheney.

Mr. CHENEY. Reserving the right to object, Mr. Chairman, it is not my intention to object, but I want to make it clear what my concerns were yesterday.

Mr. Rodino suggested in reviewing the transcript focused on only two pages. I would urge those who look at this, especially in the press, to take into account pages 13 through page 20 of the deposition because I think it shows fairly clearly that Mr. Weld's comments support those made by the Attorney General, that he did not call for the involvement of the Criminal Division in this investigation on the grounds that there was some kind of ethical problem at all. That his reference was to the Evans case in New York.

I would also point out that my concerns yesterday, Mr. Chairman, were raised in part by the fact the Attorney General had never had the opportunity to review the deposition. It is over 65 pages long.

I think it is important that the committee conduct itself in a way that is fair to its witnesses, and for that reason, I was constrained to object when a unique procedure was requested. Having made that statement, Mr. Chairman, I would be happy to withdraw my reservation of objection.

Mr. RODINO. Mr. Chairman, let me add that I am not going to argue the deposition. I will let the deposition speak for itself. That is what I hoped might be the case yesterday afternoon. I think what will be reflected will not be just on those pages, but wherever there is this reference to how this investigation might have been conducted and those I think are the reflections that I referred to of Mr. Weld.

With that, I think the deposition should speak for itself.

Chairman INOUYE. With such clarification, and without objection, so ordered.

We will stand in recess for 10 minutes.

[Recess.]

Chairman INOUYE. The hearing will please come to order.

General Meese, I think we should remind ourselves that this panel here is not convened to determine the guilt or innocence of anyone. This is not a court of law, and we are not here to determine the culpability, criminal culpability of anyone involved.

However, if we are to file a final report to the people of the United States, we would have to have available to us the best factual chronology of what did occur, and the problem we have is that the testimony to date has been confusing and contradictory, and I believe that is an understatement.

And so I wish to call upon you and your 8 years of experience as Deputy District Attorney in Alameda County, over 2 years as Attorney General, and some of the questions I would ask may be redundant and repetitive, but all of us here are eager to get to the truth.

Now, there is no question here that Colonel North was not honest with you. Admiral Poindexter lied to you, and yet you have indicated to us that you were convinced at that time that they were truthful.

You depended upon their friendship and long association. Although you have indicated that it might make a difference since these two officers appeared before us under oath that they may be a bit more truthful here, but isn't it true that under Section 1001, it makes no difference whether you are under oath or not, that if you lie to the Attorney General or lie to the Congress, it is still a felony? Isn't that true?

Attorney General **Meese**. Mr. Chairman, that is correct if it is an official statement and so on. There are certain requisites as to the provision of Section 1001. But in general, the statement you have made is correct.

Chairman **Inouye**. When you were on your factfinding mission, wasn't that an official function?

Attorney General **Meese**. Yes, sir, it was.

Chairman **Inouye**. And that being the case and based upon your experience with the colonel and with the admiral and with the Director of the Central Intelligence Agency, do you have any advice to us as to how we may determine who is lying and who is not lying?

Attorney General **Meese**. Mr. Chairman, I recognize as you have stated that this is a very difficult and a very important responsibility of the committee. I think that in a sense what the committee, I am sure, wants to come out with are some recommendations and some suggestions as to processes that will assist in more fundamental areas of cooperation between the executive and legislative branches, and it may well be that as to the narrative account, the factual account which is of course a subsidiary to the legislative function that the committee may have to put almost in parallel the various accounts that have been revealed here both in terms of what was told to me the weekend of the 21st through the 24th of November and what was told to the committee.

As far as whether any person will be prosecuted, as you mentioned, that is something for other sources to develop, particularly the independent counsel.

I would only say that in many aspects the different statements that have been made do have a certain consistency, so that I think there are a number of things in which the committee can draw conclusions because as I mentioned in my opening statement, much of the basic outline of what happened, the essential facts, remain the same today.

I think there is no question that there was, in fact, a diversion of funds. I think we are all agreed to that. I think there is no question that certain people were involved in that.

There is some question about to what extent they may have been involved, but as far as their basic involvement, I think that is pretty well established.

There are certain other aspects which are more murky. The committee itself has the testimony about the involvement of some of the players such as Mr. Secord and Mr. Hakim and others that have been mentioned here about which I had no information because that was not revealed to me over the weekend that we were looking at it.

So I would think that the most important thing is to develop the factual outline as I did where all of the information seems to be relatively consistent and then perhaps to highlight those areas in which there is an inconsistency, but which I don't think will affect the basic responsibilities of the committee in terms of whatever recommendations come out of their several weeks now of investigation.

Chairman **Inouye**. I was one of the junior members of a prosecutor's office about 35 years ago in Honolulu, and at that time I was told whenever interviewing witnesses or a factfinding assignment, I was required to take notes and to submit a memo at the end of my factfinding mission or after the interview.

Is this the standard procedure in your office, where your assistants are required to take notes and submit a memo?

Attorney General **Meese**. Yes, sir, generally they are, Mr. Chairman.

Chairman **Inouye**. Why didn't you as Attorney General of the United States carry out the directive that you have issued to all of your assistants and take notes? I notice that according to the exchange you had with Senator Mitchell, notes were not taken.

Attorney General **Meese**. Well, Mr. Chairman, as I think you will remember from my discussion with Senator Mitchell, most of the time in the interviews, the notes were taken and in fact those notes have been relied on here for much of the information about which I have testified and there were only a very few instances that notes were not taken.

Chairman **Inouye**. But these were the important interviews, after you began to get suspicious that something was wrong.

Attorney General **Meese**. The only interview I would—I wouldn't call them interviews, they were conversations—I would say the only conversation even in which probably notes would be valuable and had I had the time on the occasion, I would have jotted them down although I must say I have a very good recollection of them, would be the discussion with Admiral Poindexter.

Chairman **Inouye**. After you made your expletives deleted and were convinced that something was dreadfully wrong, don't you think that at that moment you got very concerned that notes should have been taken?

Attorney General **Meese**. I think at that time notes were taken in the ensuing interviews.

Chairman **Inouye**. Can I now touch upon the diversion memo? Was it apparent from the face of this memo that it was a draft and not an original?

Attorney General **Meese**. I wonder if I might have the chair's indulgence to give me the exhibit number of that memo.

Chairman **Inouye**. I have none, but this is the one that Mr. Reynolds located?

Attorney General **Meese**. Was it obvious that it was a draft?

Chairman **Inouye**. Yes.

Attorney General **Meese**. I can't recall again whether it was obvious or not. It appeared to be a draft. I believe there has been testimony or notes to that effect.

Chairman **Inouye**. Did you ask Colonel North what happened to the original of the memo?

Attorney General **Meese**. Well, the memo itself—again we asked about the memo, and my recollection is that he indicated finally that it had been a memorandum prepared either by him or under his direction, and I don't remember any conversation, and again I would have to look at the memorandum to see whether it was clearly a draft, whether he mentioned it was a draft, or just exactly what it was.

Chairman **Inouye**. Did you ask the colonel whether he had sent this memorandum to Admiral Poindexter?

Attorney General **Meese**. I believe—again, I would have to refer to my notes—I believe that there was——

Chairman **Inouye**. I believe you did not ask him.

Attorney General **Meese**. Let me look at my notes if I may and see whether we asked him about that or at least Mr. Richardson's notes. We asked whether it was something that he prepared, and ultimately we found out that it was. First he said he didn't—I think at first he hesitated as to whether or not he had prepared it, but ultimately acknowledged that it had been prepared by him or under his direction. And I am looking now to see whether we—what was asked about it.

Chairman **Inouye**. What I would like to know is did you ask him whether he had sent that memo on to the admiral?

Attorney General **Meese**. Yes. That is what I am trying to find now, Mr. Chairman. I don't believe that there was any discussion as to this particular memorandum. There was a discussion whether Admiral Poindexter knew about this, but not as to the scheme. But I don't find any particular reference and I can't recall at this time, Mr. Chairman, whether we specifically asked him whether he had passed it on to Admiral Poindexter.

Chairman **Inouye**. I am certain you were aware that he was a subordinate to the admiral?

Attorney General **Meese**. Yes, sir.

Chairman **Inouye**. Wasn't it important to know whether the head man got the memo, whether he knew or approved of the diversion?

Attorney General **Meese**. Well, there was no question in what Colonel North told us that Admiral Poindexter did know about it and did know about this. He said that he was one of the three people in the Government who did know about it.

Chairman **Inouye**. Did you also ask him whether he approved the diversion?

Attorney General **Meese**. I don't recall that question specifically being asked.

Chairman **Inouye**. When you were first advised of this diversion, you were startled to a point where you said things that you would not ordinarily utter, and so it was very important to you, wasn't it?

Attorney General **Meese**. Yes, sir.

Chairman **Inouye**. Did you ask Colonel North who authorized the diversion?

Attorney General **Meese**. I don't recall whether it was asked specifically in those words. It did—it was—and again I am—I think we asked whether this had been discussed with the President, and Colonel North said not as far as he was concerned, and then it was asked about—or he said that Admiral Poindexter was the point of contact with the President, and that Mr. Fortier might be involved too because he was the principal deputy. I think that was the discussion that was had on that subject.

Let me just see if there is anything else that would shed a light on that. I think there is—definitely he told us that Mr. Poindexter was knowledgeable about this. I don't know whether the question was asked in the form of did he authorize it?

Chairman INOUYE. When a decision of this magnitude is made, I am certain as in your office, as in other offices, there are other drafts and memos. Did you ask the colonel whether there were other memos relating to the diversion?

Attorney General MEESE. I don't recall whether that was asked. It may have been asked after I left the meeting.

Chairman INOUYE. On your 10-minute casual conversation that you had with the late Director of the Central Intelligence Agency, can you tell us again why you did not think it was important enough to discuss the most important matter that was pending in the administration at that moment, the diversion?

Attorney General MEESE. Which conversation are we now talking about, Mr. Chairman?

Chairman INOUYE. This is the one you stopped off at his house for 10 minutes and the conversation that you had with Mr. Casey?

Attorney General MEESE. Is this the one on Saturday evening?

Chairman INOUYE. Yes.

Attorney General MEESE. That was more than 10 minutes, that was about, I think I testified, anywhere from 45 minutes to an hour. During that conversation, I did not bring this particular matter up, the diversion memo, because at that time I had not seen the diversion memo myself, I didn't know very much about it, we had not verified what that memo meant, whether there ever had been a diversion scheme. I knew we were going to talk with Lt. Col. North about it the following day, and I made the decision not to talk with anyone about that, including Mr. Casey, until such time as I knew more about it.

Chairman INOUYE. But you knew enough and suspected enough, didn't you?

Attorney General MEESE. I didn't have any basis to suspect anything. We didn't know whether that memo was just somebody's pipe-dream, some idea, or whether there was actually some substance that it had been implemented. At that time we had no knowledge whatsoever of what this particular document meant. As I mentioned, I had not even seen the document itself.

Chairman INOUYE. Although you weren't quite certain as to the full import of the document, you were startled, and——

Attorney General MEESE. Yes, sir.

Chairman INOUYE. And shaken by that.

Attorney General MEESE. I was startled even by the possibility that somebody was thinking in those terms.

Chairman INOUYE. When you dealt with Mr. Casey, you were dealing with someone who was one of your closest friends. You had worked together with him in campaigns, raised funds together, you had enjoyed victories, and some defeats. You had gone through turmoil of politics. You weren't dealing with a stranger, were you?

Attorney General **Meese**. Mr. Chairman, I had dealt with Mr. Casey in one campaign and fortunately we had only victories, no defeats, and that was the campaign of 1980, but he was a good friend.

Chairman **Inouye**. So you were dealing with someone friendly?

Attorney General **Meese**. Yes, sir.

Chairman **Inouye**. Not a stranger?

Attorney General **Meese**. No, sir.

Chairman **Inouye**. Why were you so shy in asking him the $64,000 question?

Attorney General **Meese**. Because of the importance of this particular situation, and because I didn't know what that information that had been discovered meant yet, and so I made the decision instinctively, I think, as any lawyer would, not to talk with anyone about something that important until such time as I knew what I was talking about.

I think, Mr. Chairman, I have always thought since that time if I had talked with Mr. Casey on that Saturday evening, then this committee would now be asking me, "Why did you tip off Mr. Casey and let him cover the ground before you talked with Lt. Col. North?"

Chairman **Inouye**. Weren't Colonel North and the admiral tipped off already?

Attorney General **Meese**. Not at all. They didn't know that I—that we had the memorandum. As a matter of fact, that is why Colonel North the next day when I talked to him showed considerable surprise that we had it.

Chairman **Inouye**. In dealing with Mr. Casey, he did bring up the diversion with you, didn't he?

Attorney General **Meese**. No, sir.

Chairman **Inouye**. He talked about Mr. Furmark.

Attorney General **Meese**. He talked about Mr. Furmark, but I didn't view that as part of this diversion or part of any diversion at that point.

Chairman **Inouye**. Did that tip you off that this may have been related?

Attorney General **Meese**. No, sir. The way he talked to me about the Furmark matter had nothing to do with this kind of a diversion or anything to do with the Contras, and it was more a threat to go public with a lawsuit, which was something quite apart, and was still part of the whole aspect of the Iranian initiative and had no relationship whatsoever with what was going on in Central America.

Chairman **Inouye**. Did you discuss the diversion with the Vice President of the United States?

Attorney General **Meese**. I did on Monday, the 24th, yes, sir.

Chairman **Inouye**. Who was present at this meeting?

Attorney General **Meese**. I was present with the Vice President, the two of us.

Chairman **Inouye**. No one else?

Attorney General **Meese**. No, sir.

Chairman **Inouye**. Did you take notes on this meeting?

Attorney General **Meese**. No, sir, I didn't. It was a brief conversation. It was more of informing him of what was going on, but in the course of that I did ask him if he knew, or he said he didn't know, one of the two.

Chairman INOUYE. You are trying to recall now whether he said——

Attorney General MEESE. I don't remember whether he volunteered, I certainly never knew anything about that, or whether I asked him whether he knew; I can't recall.

Chairman INOUYE. I believe, if my recollection is correct, that you indicated that this Finding was such that it would be resolved in 30 to 60 days?

Attorney General MEESE. I testified, Mr. Chairman, and it is still my recollection, that at the time we were briefed on this on 7 January, 1986, it was my impression that this would be accomplished within a period of 30 to 60 days. It was an imminent type of thing. It was described in the conversations there, and I think there has been testimony to that effect, that this would be something that would go forward rather quickly.

Chairman INOUYE. That was your basic reason for acceding to the suggestion that the Congress not be notified immediately?

Attorney General MEESE. That was not the basic reason. The basic reason had to do with the jeopardy of the hostages and the jeopardy of the people that we had hoped to develop a relationship with in Iran, but it certainly was a part of the overall framework and assumptions that I was proceeding under at that time.

Chairman INOUYE. That 30 to 60 days would have been sufficiently timely?

Attorney General MEESE. The timeliness related to when the risk was no longer present. But 30 to 60 days was a part of my consideration, yes.

Chairman INOUYE. When was the Congress notified?

Attorney General MEESE. My recollection is that the project was still ongoing when this became public in November of 1986. And so it was at that time that notification came to Congress.

Chairman INOUYE. Not through official channels?

Attorney General MEESE. Not through official channels; that's correct.

Chairman INOUYE. So the waiting period was beyond 60 days?

Attorney General MEESE. Yes, sir.

Chairman INOUYE. Did you or the administration have any intention to notify the Congress?

Attorney General MEESE. Yes, sir. Everything that I had been told at the time of the briefing was a very definite intention to notify the Congress and that, as a matter of fact, I think there were great pains taken to identify the point at which Congress should be notified and that was as soon as the hostages were received and were back safe in United States custody, and as I think I testified earlier, even before the plane on which they were arriving landed at the Air Force hospital in Weisbaden, Germany.

Chairman INOUYE. I have many other questions I'd like to ask, but I would like to now call upon my colleagues here, so I would like to reserve the balance of my time.

May I now call upon my cochairman?

Chairman HAMILTON. The Chair recognizes Mr. Cheney under the 15-minute rule.

Mr. **Cheney**. Thank you, Mr. Chairman.

General, I would like to follow up on the questioning touched upon by the chairman of the Senate Select Committee with respect to this question of notifying Congress.

One of the things I note about this whole set of developments is that oftentimes, while I find I disagree with the decision that was made by the administration, when we dig into it, we find that there was at least understandable justification why the President was concerned about the lives of the hostages, or Mr. Buckley, or some other aspect of it.

I would like to look at the question of notifying Congress on that basis. It is my recollection that you testified that you believed, based upon your review of the statutes and legislative history, that the President had the authority clearly to withhold notification from the Congress; is that correct?

Attorney General **Meese**. That was my belief at that time, and still is, that timely notification indicated there could be a delay under certain circumstances.

Mr. **Cheney**. There was some flexibility. Did you consider at all the possibility of notifying just the so-called "Big Eight," the chairman and Ranking Member of the House and Senate Intelligence Committees, the Speaker and Republican Leader of the House and their counterparts in the Senate?

Attorney General **Meese**. Mr. Cheney, I was not really consulted on the process of notification. It was rather on the legal aspects of a delay in notification. So really I was not present at any time when there was a discussion of who to notify. It was a question of can notification be delayed.

Mr. **Cheney**. Well, I bring that up because I'm—I notice, I can't help but be aware of stories they ran in the morning newspapers this morning. I've got one in front of me from the *Washington Times*, the headline of which is, "Leahy Confesses Leak Lead Him to Step Down." I read briefly from it as follows: "Senator Patrick J. Leahy, former vice chairman of the Senate Intelligence Committee, admitted yesterday that he resigned from the oversight panel earlier this year because he had leaked details of the panel's Iran-Contra investigation to a television news reporter. The Vermont Democrat issued a statement last night admitting he had been careless in violating committee rules in November when he allowed a news reporter to view an unclassified document listing a chronology of events in the Regan administration Iran arms sale."

It goes on, the same story, to cite further down, "Mr. Durenberger, a Republican from Minnesota, then the chairman of the Senate Intelligence Committee, currently is being investigated by the Senate Ethics Committee over allegations he leaked details about a U.S. intelligence source in Israel."

My point in raising this is that even had the President been prepared to deal with the so-called "Big Eight" in this particular case, he would have found himself dealing with two Members of Congress, one of whom has admitted he made an unauthorized disclosure of the document the committee voted not to disclose, the other of whom—according to press reports—is currently under investigation on allegations that he leaked details about U.S. intelligence sources in Israel.

I think that's an important point to make. Viewed in that context, it is a little more understandable why the administration has over the months and years been concerned about dealing with Congress on sensitive intelligence matters.

I must say, General, that I don't find the decision not to notify Congress acceptable. It seems to me both of us have to find some way to overcome the distrust that is currently rampant between the two bodies with respect to these matters, but it is clear that there was, or at least it would appear from these reports and accounts there was legitimate cause for concern that Congress could not keep a secret and a lot of evidence that, in fact, at various times in the past, various Members of Congress had in fact been responsible.

Chairman INOUYE. Will my friend yield?

Mr. CHENEY. Certainly I will be happy to yield to the chairman.

Chairman INOUYE. I think the record should show that Senator Leahy released unclassified information.

Mr. CHENEY. Well, if I may reclaim my time, Mr. Chairman? I don't dispute that it was not classified, but I note that the Senate Intelligence Committee last night issued a statement saying a member of the panel violated committee rules by making an unauthorized disclosure and resigned effective January 13, and that the committee had in fact voted against releasing the report and the vice chairman of the committee decided to unilaterally go ahead and do it himself. I think the record ought to reflect that.

I will be brief, General. I don't have a long list of questions. I think you've covered a lot of territory.

I think it is important for us as a committee, though, to avoid trying to force the evidence to fit some preconceived conclusions or notions about what transpired here. We have investigated for months the question of the charge that somehow the President had allegation—had knowledge of the allegation that there had been a diversion of funds, and, of course, the fact of the matter is we found absolutely no evidence to support that.

I am somewhat suspicious now, that in light of the fact that no smoking gun was found in connection with the diversion matter, that the focus has now shifted to a suggestion that somehow there was a cover-up of some kind; that at the direction of the President, with your active involvement, the administration undertook to obscure the facts in this particular case. Again, I find absolutely no evidence to support that allegation.

We had the story this weekend in the *Washington Post* on Sunday that implied that the President presided over a meeting on November 10 where there had been an initiation of an effort to cover up these events. Of course, we find when we analyze the basis for that story, that while that may have been the implication, the story simply doesn't support it. The President clearly was concerned on November 10, as your notes and the notes of others clearly demonstrate, with trying to obtain the release of two additional hostages, that his basic message to his officials was not to discuss the subject at all.

I have a vivid recollection of that period of time when David Jacobsen, one of the hostages recently released from Lebanon, was standing on the steps of the Rose Garden at the White House pleading with the White House press corps not to dig too deeply in this matter because lives were at stake. I think it is clear that the allegation that somehow the November 10th meeting involved a cover-up simply doesn't hold up.

The allegations obviously with respect to your involvement focused on that weekend of November 21st through 25th. Again, while the committee has an obligation to ask difficult questions and to probe these matters, I also think we have to resist the tendency to be Monday-morning quarterbacks and to put ourselves in your position and judge your actions now with the benefit of hindsight.

I think it is very clear to me that based on the evidence we have seen, that any allegation that there is a cover-up simply is untrue, that it is not supported by the facts, just as there was no evidence to support the allegation that somehow the President had knowledge of the diversion. There is absolutely no evidence to support the allegation that somehow there was a coverup.

I think the members of these committees need to keep a few basic facts in mind. We often operate as if we were the ones to uncover the events being investigated here. That the committees took action to stop the sale of arms to Iran, et cetera. Of course, that is not true.

The facts are that the President is the one who, together with the Attorney General and other officials in his administration, made the decision to stop the policy, that he changed the policy when it became clear there was a mistake, that he undertook the factual inquiry or had you undertake the factual inquiry, that led to the discovery of the diversion memo, that he directed you to make the diversion memo public, that he's the one who set up the Tower Commission and subjected his administration to the somewhat excruciating scrutiny that that entailed, that you called for the appointment of the independent counsel, that the President replaced the NSC Adviser, the deputy, and many key members on the NSC staff, hired a new Chief of Staff for the White House, and a new CIA Director, and all of that happened before this committee held a single day of public hearings this spring.

Finally, I think it is important for everyone to remember that the President has gone all out to cooperate with the committees. That he has directed that all administration officials come forward and cooperate with the committee, that not one single claim of Executive Privilege has ever been imposed, although it certainly was justified in many instances. The committee has had access to the most sensitive minutes of NSC and NSPG meetings. We have had access to the detailed notes of the President's subordinates, yours and others, and finally the President gave us access to his own personal diary to review these events.

We are here today having had a full and complete airing of these matters and nearing the end of our investigation in large part because of the actions of the President and yourself and other members of the administration. I think this committee and the press need to recall these facts in order to keep these events in perspective and in order to avoid misleading the American people about the events that we have under review.

Thank you very much for your testimony.

Attorney General **Meese**. Thank you, Mr. Cheney.

Chairman **Inouye**. The chair recognizes Senator Cohen for 2 minutes.

Mr. **Cohen**. Thank you, Mr. Chairman.

I would just like to respond for a moment about the statement concerning Senator Leahy. I don't think that it should be taken out of context.

Number one, I voted last January to oppose the release of the Intelligence Committee's first draft of its investigation. I believe I was the only Republican to do so and took considerable heat for doing so. I did so because at that time the administration was putting pressure on the membership to come out with a report so the President would know what in fact had happened in his own administration. I was not opposed to releasing the classified—the non-classified document, but I was concerned that it was incomplete, that the members hadn't read it, so I opposed it.

Ironically, this report was the one the administration wanted out, so Patrick Leahy, in essence, unwittingly was doing the administration's work in that regard.

But it should be pointed out consistently, it did not involve classified information, and if there is any evidence that Senator Leahy or Senator Durenberger have ever released classified information, any member who has that information should bring it forward.

I just want to say that if the President was concerned that either Senator Leahy or Senator Durenberger were untrustworthy, then he could have gone to the "Big Four." That is the leadership of the House and the Senate. And if the President did not feel that the two leaders of the House and the two leaders of the Senate were trustworthy, I think we are in big trouble as a country.

I think that disclosure on the part of Senator Leahy ought to be placed in context. We were opposed to the release of that document. It was, in fact, inadvertently or unwittingly leaked, however. Nonetheless, I think Senator Leahy's departure from the committee was a strong signal that we on the Senate Intelligence Committee are not going to tolerate it, and that indeed the administration can have faith and confidence in the committee of the House and the committee of the Senate.

Chairman **Inouye**. Thank you very much. The Chair recognizes Senator Heflin for 15 minutes.

Mr. **Heflin**. Mr. Meese, I would like to get into the question a little bit concerning the legality of the decision that was made by which the profits from the arms sales were diverted or given to the Contras—not from the viewpoint of the Boland Amendment, but from the authority of the official who made the decision.

It appears that it was Admiral Poindexter, but from the viewpoint of leaving that possibility open, it—Mr. Fortier or somebody else possibly could—but from the viewpoint of the person who made the decision, and assuming that it was—that it was an official of the National Security Council or in that office, there is no question in your mind that other than the President, there would be no one who would have the authority, if it was otherwise legal, to have made the decision, is there?

Attorney General **Meese**. No, sir. There is no doubt in my mind that the authority would have to come from the President.

Mr. **Heflin**. So we really have what is basically a decision that was made that was an illegal act.

Now, if you had had a written document and the name of Ronald Reagan had been forged to it, it would have been an illegal document, would it not have been?

Attorney General **Meese**. Yes, sir.

Mr. **Heflin**. So we have what is in the effect of close to being the moral equivalent of a forgery that occurred—forgery usually meaning the signature, but the act itself was unauthorized, illegal, and, in effect, technically because of that creates a nullity relative to its authority, power and its scope; would you not agree?

Attorney General **Meese**. Yes, sir. I think I would generally agree with that statement, that there's no question that there was no authority for the actions that took place.

Mr. **Heflin**. All right, sir.

Now, do we have on the statute books criminal statutes relative to unauthorized acts by officials who do not have the authority?

Attorney General **Meese**. It would depend, Senator, on the particular circumstances.

In this case it is conceivable that, because funds were involved, that the statutes relating to misappropriation of funds would be applicable under a variety of circumstances that may be present here.

Mr. **Heflin**. Now, do we—well, I will ask this, do you feel that our laws are adequate to prevent the unauthorized sale or the misuse of government property or government money?

Attorney General **Meese**. To the best of my knowledge, Senator, the current laws that we have are adequate, and we really wouldn't know the answer to that in this case until we see the results of the independent counsel's investigation.

But based upon the preliminary review that was done by the Department of Justice in the Criminal Division and in our Office of Legal Counsel, I would say adequate laws do exist on the books for coverage of the kind of situation here.

Mr. **Heflin**. All right, sir.

Now, you mentioned—relative to ownership of the money in the bank accounts, you mentioned the constructive trust. A lot of lay people probably don't understand what a constructive trust is.

Can you give us sort of a capsule definition of a constructive trust?

Attorney General **Meese**. Basically the theory would go, Senator—as you probably know better than I, from your experience as a judge—but it would be based upon the Agency idea, and that is that a person who is an agent of the U.S. Government and who sells U.S. Government property and makes a profit on that sale, that is not entitled to keep that profit for himself or herself or to divert it to some other use of that person's choice, but rather that that—those profits also become the property of the United States, and that anyone who then misappropriates those funds may themselves be guilty of a crime.

Mr. **Heflin**. Would you agree—this is—I am quoting from *Black's Law Dictionary*, not always a good source of law, but it sort of succinctly there puts it. It quotes a constructive trust as being a trust created by the operation of law against one who, by actual or constructive fraud, by duress, or by abuse of confidence, or by commission of wrong, or by any form of unconscionable conduct or other questionable means, has obtained or holds legal right to property which he should not, in equity and good conscience, hold and enjoy. That is the definition.

It would appear that your constructive trust concept here may go back to the—also further to the illegality of the authorization to go forward with the diversion as it would apply to the properties that were acquired pursuant to the diversion, such as airplanes, other properties which might be there.

Would you agree with that?

Attorney General **Meese**. It is possible, Senator. And these are facts, of course, that I don't have, so it is difficult to comment.

Let me say, however, we have been talking about essentially abstract theories. I want to make it clear that I am not saying that anyone is guilty of any crimes. This is a matter for the independent counsel, and also—I say this particularly because I have a very high regard for the individuals involved, and I think it is important to recognize that there may be a lot of equitable reasons and other matters that are involved that would have to be judged by someone who is weighing the entire situation.

So what I have said is really talking to you in the abstract, rather than either saying that anyone is guilty of any crime or anyone should be accused of any crime.

Mr. **Heflin**. Well, I agree with you. I am certainly—do not want to be construed as having put forth an idea that anybody is guilty, because I think that's a determination that has to be made through the criminal process that we are going through.

But these matters are things that I think we will bear in mind, because really the question, one of the probable areas we ought to look at, is the question if an illegal act did occur and it is the cause for many, many of the problems that we are confronted with today as to whether or not the laws are adequate to take care of illegal acts in the future.

Now, while we are speaking on a legal basis, I wonder if you might recall, at the time that you made the decision to seek the appointment of an independent counsel in this case, what criminal laws did you consider might be—might have been violated which would have therefore caused you to move into the area of requesting an independent counsel?

Attorney General **Meese**. Senator, it is my recollection that the kinds of laws that might be involved, might possibly have been involved, went to misappropriation of government funds or defrauding of the government—the kinds of things we have just been discussing.

I say might be involved, because that's exactly what it was. We were not able, under the independent counsel statute, to use some of the procedures that you would normally use—grand jury testimony, granting of immunity and the like—in the Justice Department in our opinion because of the fact that officials involved were high-level persons in the White House or the National Security Council staff, and it was for that reason that we felt the spirit of the independent counsel act clearly mandated our seeking the appointment of an independent counsel through the District—

through the Special Division of the Court for the Circuit Court for the District of Columbia.

Mr. **Heflin**. Let me leave legal matters and ask you, in your press conference that you had on the 25th of November at which you announced the resignation of Admiral Poindexter and the dismissal of Colonel North, you used then that there could have been from 10 to 30 million dollars diverted from profits of the arms sale to the Contra use.

How did you calculate that bracket of from 10 to 30 million?

Attorney General **Meese**. As I mentioned at that news conference, we didn't have all the facts at that time so we had to do some rough calculations, and I said, I believe on some 40 occasions, that there was more to come, more information to come, and that we didn't have total information on which to base the different items of information that were being revealed.

But in that particular matter, I believe Colonel North told us that in the one transaction that he remembered clearly, that he thought that there were about $12 million that had resulted from that transaction which had gone to the Freedom Fighters in Nicaragua. He said he thought it was either two or—that there was either one or two additional situations.

And so trying to get some kind of a bracket, as you say, I indicated in the news conference that the amount was probably somewhere between 10 and 30 million dollars, just getting a rough approximation based on what we had been told on the previous Sunday.

Mr. **Heflin**. I'm led to believe that—and it may be erroneous, but this is my understanding—that relative to the decision to terminate Colonel North rather than allow him to resign, that this decision was made largely between you and Mr. Donald Regan, perhaps with the President.

Who recommended—whose idea was it that Colonel North be fired rather than being allowed to resign his position?

Attorney General **Meese**. Senator, I can't remember for sure.

It was not a matter of firing him per se. It was a matter of transferring him back to the Marine Corps where he was on detail.

Mr. **Heflin**. Well, it comes out to the public he was fired.

Attorney General **Meese**. It comes out the same way, I agree with you.

I think there was no question in anybody's mind that his continued service on the National Security Council staff was probably not advisable at that point, and therefore it was a matter that his situation was different than that of Admiral Poindexter, who was an appointed or—in terms of the White House parlance—had a commission from the President which he would have to resign.

Colonel North was in a different category. He was assigned to the White House or to the National Security Council staff by the Marine Corps, so it was simply a matter of having that detail be removed and he be transferred back. So there were two different types of personnel actions.

As far as who—it was decided—it was discussed among the three of us at least—there may have been others there—the three of us being the President, Mr. Regan, and myself.

I can't recall exactly who said what, but I think it is obvious that Mr. Regan, as the Chief of Staff of the White House, had a major role in it.

Mr. HEFLIN. Mr. Chairman, I have no further questions.

Chairman HAMILTON. Mr. Fascell is recognized.

Mr. FASCELL. Thank you, Mr. Chairman.

Mr. Attorney General, on December 10 of last year the Director of the CIA testified before the Foreign Affairs Committee. He had previously testified, I believe, before the Senate and House Intelligence Committees, and without characterizing the testimony in any way—it is not my purpose here—I noticed that your Assistant Attorney General for Legislative Affairs was there during the whole hearing, took copious notes.

The question I have is—and I think that is standard; we see that all the time—did he report to you as to what had transpired in that hearing?

Attorney General MEESE. Mr. Fascell, I don't have any recollection that he did.

This was on the 10th of December?

Mr. FASCELL. Yes.

Attorney General MEESE. 1986?

I don't have any recollection. It is entirely possible that he might have reported to me on the hearing. But I just don't recall it at this time.

Mr. FASCELL. Well, I know he's a good notetaker. I am sure if he had detected anything at all that should be flagged as well as just what the general trend of the testimony was, I know that he would report that to you. I just assume that. I take judicial notice of that.

I'm just wondering if you have any independent recollection as to whether or not he told you at that time that the testimony given by the Director at that meeting was totally in conflict with something that you already knew to the contrary.

Attorney General MEESE. No, sir. I don't recall anything like that. And I don't recall any of the subject matter that you are referring to.

Mr. FASCELL. Now, the chances are that if that had occurred, it would certainly be noted in his notes, and it would come to your attention if he thought it was important.

I am just surmising that. You don't have to agree or disagree.

In other hearings and also in depositions taken for this hearing, there have been representatives of your office in attendance. They have taken many notes, and I suppose John Bolton was the chief among them.

I assume that they reported to you, since he works for you, as to what the contents of those notes were, or he has some reason for taking them.

Attorney General MEESE. Yes. From time to time there may have been reports. Part of it was just to, I'm sure, record the information so as to have that information available if testimony was prepared or if other—for other reasons, including meetings such as this.

Mr. FASCELL. Well, now, as a matter of fact, on November whenever it was—when the President said I've got to have somebody look at this, review this whole thing, you were that person. So you were in charge——

Attorney General **Meese**. Yes, sir.

Mr. **Fascell**. —of looking at this entire matter. You talked to the principals who are involved and you conducted your review—I want to stay away from the formality of the matter—you conducted your review and at or about the same timeframe and from then on there were hearings, all kinds of things were happening. But the real part of this didn't start, as far as these committees are concerned, until after we were organized, January, February, or whenever it was.

Then we started taking a lot of depositions, and I assume, as a normal function of the Attorney General's Office, you would have to keep up with everything that was going on—you're still President's chief legal officer.

Now, the same thing was happening in the State Department and the CIA. All the depositions and the hearings, they had notetakers from State and from CIA.

Now, did those offices, that is, the general counsels or whoever they are, did they report back to the Attorney General as to what they had observed or heard?

Attorney General **Meese**. At the various hearings?

Mr. **Fascell**. Various hearings or depositions or whatever.

Attorney General **Meese**. I don't believe they did. They may have in particular instances, but as far as I know in general, they probably would not have.

Mr. **Fascell**. But as far as anything that came within your general interest area, as the Attorney General, you would do the normal thing and have your note takers present, and that information would be correlated, consolidated, and reviewed or whatever?

Attorney General **Meese**. Ideally that is true. Sometimes there are so many things going on that the correlation, consolidation, and review is not as complete as we would like to have it. But in any event, the notetakers would probably be there.

Mr. **Fascell**. It would help this committee, it seems to me, if we had the benefit of that because I am sure the note takers were very sensitive to any differences or even intonation that might possibly shed some light as to what was going on and if we haven't done that, Mr. Chairman, I think it would be very essential for us to get John Bolton's notes and anybody else's who had some responsibility dealing with this Iran affair, particularly at the time the Attorney General was put in charge of the review.

Again, I am not ascribing that anything is wrong, but it seems to me we have so much information, yet we have so much information that we don't have, it would be useful to get the information that we don't have.

Attorney General **Meese**. Mr. Fascell, I believe in the case of the Justice Department, almost every piece of information we have has been presented to the committee.

I know that, as I mentioned yesterday, some 36,000 pages of materials have been provided.

In the case of Mr. Bolton's notes that you described, most of the time Mr. Bolton only takes notes for immediate purposes of reporting if there is any reason to report and when transcripts of hearings become available, he routinely then discards his notes because the transcript is a more accurate way of depicting what went on than the notes themselves.

Mr. **Fascell**. I don't know whether I agree with that. The transcript will not reveal what Mr. Bolton said or wrote and if we don't have those notes, I would be a little bit unhappy and surprised that they are not available, since they would make a tremendous contribution to this committee.

I have not seen any. Maybe somebody on the committee staff knows that they are here.

Now let me just switch gears a minute, because you see it would be very important for you to know as Attorney General if the testimony given in a hearing was in direct conflict with the facts as early as possible.

I just can't—you know, I for some reason have a hard time with that and it would have to be relayed to the question of do you turn it over to the Criminal Division, do you go to independent counsel, all that may have been in your mind.

At some point in time, you may have decided well there is so much here, I just can't take a chance, there is potential criminal liability, it is a possibility, and we have to avoid the conflict and we just have no choice, we have got to go for the independent counsel.

But my recollection is when it started out, there wasn't much enthusiasm for an independent counsel. That is the way I recall it.

Whether that is fair or not, I don't know.

Now, you had a press conference with the President, and I think I know part of the answer, but why did you have that press conference with the President?

Attorney General **Meese**. Mr. Fascell, the reason was that the President, as I mentioned I believe in my opening statement and a couple of times since, the President was adamant that the information that we had at that time be presented to the Congress and to the American people, and as I believe I indicated in my opening statement, the purpose was to make it clear that there would be no withholding of information from the American public and from the Congress and that there would be absolutely no basis for any charge of any coverup, and I think that was a wise decision of the President which has been validated in effect by a number of the comments that were made during the course of this hearing.

Mr. **Fascell**. I think it was a wise thing to do also, Mr. Meese. I have no argument with that. But what got me is something that we have dwelled on a long time here about North's surprise when he found out what was happening. He was a little bit stronger than that when he was testifying, so was Secord, and Poindexter a little less so.

But you know, basically, and I am paraphrasing here, the record will speak for itself, but as I remember Colonel North's position on this, based on a direct question and an answer thereto, he said, "Man, they just threw us over the side."

Now, what I have been struggling with this whole time is why he would have that feeling. In fact, I got a total feeling of animosity as far as the AG was concerned.

One would be led to conclude that he was literally shocked out of his boots that, one, the information would be made public. You have testified you have no reason to understand why he would take that attitude.

Attorney General **Meese**. Oh, no, Mr. Fascell, I can understand why he would take that attitude because Colonel North, as you know from his testimony here, believed deeply in what he was doing, and I have a very great respect for Colonel North, I have a great respect for his exemplary military record and for him as a person, and I can fully understand why he would have that view.

At the same time, I hope he and others would understand the position that the President and I were placed in, and that is that neither of us could carry out our responsibilities with the possibility that someone would claim that we were withholding information from the public, from the Congress, or that we were trying to engage in some kind of a coverup and that in the long run the interests of the United States would be harmed more by a failure to reveal this information promptly as we did.

Mr. **Fascell**. Well General, I thoroughly agree with you and it would be unreasonable it seems to me except in the heat of passion or as you say enthusiasm, to assume that the diversion could remain secret forever. That was the judgment you had to make, wasn't it?

Attorney General **Meese**. Yes, sir, and also there was the matter of the integrity of the administration and of the Government in terms of something that had been unauthorized and something that had major policy implications as far as both the administration and the Congress.

Mr. **Fascell**. Now you also had to make another decision in that press conference, and that was that you had to say that—with disclaimers, you were right in doing it that way—that there was a diversion of funds, and that—and this was a preliminary decision with disclaimers, but this money did not belong to the United States Government, as I recall your statement at the time, and I know that you have allowed yourself plenty of room to deal with the fact that it might be U.S. Government money through constructive trust or conspiracy or otherwise.

I know that, so I am not—but what gets me is why did you have to make that statement at that time? What was your judgment in saying we have discovered a diversion of funds, it is X number of dollars, and we believe to start with that it is not public money?

Attorney General **Meese**. The distinction I was trying to make, Mr. Fascell, and perhaps did not make it sufficiently accurately at the time was that this was not taxpayers' money in the sense that if somebody had taken money out of appropriated funds.

Mr. **Fascell**. In other words, it wasn't appropriated funds.

Attorney General **Meese**. I wanted to make it clear that this was not appropriated funds which were being diverted, but rather that it was from the profits of the arms transactions which were over and above and beyond anything in the nature of appropriated funds.

Mr. **Fascell**. I must confess, General, that when I first read that, the impact on me was, well, folks, we have done our job, now we want to tell you that arms went there and it was extra money, but don't worry because it really doesn't belong to the United States. That is the impression I got.

Attorney General **MEESE**. Perhaps the phraseology, in retrospect, with the time we have had to discuss the matter, we might have changed the phraseology. I thing the important think was——

Mr. **FASCELL**.—to set it out.

Attorney General **MEESE**. Number one at that time to get it out, but as I mentioned earlier in my testimony today, we also immediately took steps to safeguard whatever money was still available so that it could be recovered for the benefit of the United States based upon the appropriate legal theories.

Mr. **FASCELL**. Were you consulted or involved in the decision as to when the President would appear—for example, at the press conference, a decision was made to have the President with you to demonstrate a follow-on, I gather, of the President's request and order, and that here you were, the chief legal officer, responding to the American people. Did you participate in that decision?

Attorney General **MEESE**. The President said that he wanted personally to present this to the American people, and really I was along as a supporting player, if you will, because I had the factual information on the basis of what had happened that weekend and that was the reason that he asked me to lay out the facts for the people.

I might also say, if I could Mr. Fascell, just so that there is no misunderstanding, I did not consider what we were doing was tossing anyone over the side. As I mentioned, I have great respect for the individuals involved, and I think in that news conference I was very careful not to attach any blame or charge of illegality against any of the people who were involved, but merely to report what we had found. That was important to me at that time and it is still important to me today.

Mr. **FASCELL**. The decision then for either Presidential statements or other statements coming out of the administration after you took charge of this operation, were you involved in those decisions? Did you participate in that on the basis of your fact finding, your legal background, et cetera?

Attorney General **MEESE**. I participated in the decision to bring this to the attention of the American public on Tuesday, the 25th of November, but it was hardly a decision. There was no one who voiced a contrary opinion that I know of in the circle around the President.

Also, I participated briefly in some other subsequent decisions about public information, but it was only a very tangential participation.

Mr. **FASCELL**. So as far as, if you want to call it, the spin or the presentation to the American people was concerned, once you had made your report you were basically out of it; you didn't write speeches or worry about the timing?

Attorney General **MEESE**. No, sir, I did not.

Mr. **FASCELL**. The reason that I ask is because I was curious. Colonel North testified he even wrote speeches for the President, and that meant you know that they were really close in trying to decide what to say and how to say it and what to do.

It just occurred to me that the chief legal officer of the United States would be involved in those decisions or should be. I am a little bit surprised that you weren't. I mean we are talking about legal questions here.

Attorney General **Meese**. On legal questions, I was involved. There is also a White House counsel that gives day-to-day legal advice. I was involved on some legal matters that took place after that, for example the decision to announce that we were seeking an independent counsel—that was the kind of decision where I would be involved in the legal aspects of it. The timing of when it was announced or who announced it would be in the province of others.

Mr. **Fascell**. Thank you, General.

Chairman **Hamilton**. Mr. Broomfield.

Mr. **Broomfield**. Thank you, Mr. Chairman.

Mr. Attorney General, welcome.

Attorney General **Meese**. Thank you.

Mr. **Broomfield**. I'm happy to see you here, and I want to compliment you on your appearance. I think you have been very direct and candid with the committee, and I think it has been obviously very useful.

Listening to you over the last couple of days, I think frankly you have been somewhat maligned by statements made by people before you made your appearance before this committee. I think statements that your investigation attempted to cover up are somehow inappropriate, before you testified to this committee, in my judgment, has been regrettable. Characterizing your testimony prior to your appearance prejudges the public perception of your participation in these matters.

Mr. Attorney General, I think it is extremely important that your involvement in gathering the facts be placed in context. You discovered the diversion memorandum on September—November the 22d, as I recall. Within 3 days after your discovery, the President disclosed the Contra connection and made it public to the American people. A lot has been said about the destruction of evidence, but if your factfinding mission had not discovered the diversion memo, it may have been possible for Colonel North and others obviously to eliminate all documentation of the Contra fund diversion.

I say—some of them may say that you did your job too well. Your testimony before the committee has been very useful and you have been very cooperative and responsive to the committee requests for information.

I have just three or four questions that I would like to ask you regarding the decisionmaking process. I think it would be helpful for our committee.

My first question is—should the Attorney General always be a participant in the review of Presidential Covert Action Findings?

Attorney General **Meese**. Yes, Mr. Broomfield, I believe that the Attorney General should. I think that the opportunity for the Department of Justice to review such Findings in advance of a meeting, to be sure that their form is sufficient as to satisfy the requirements of the law and to provide advice to the President on the Finding, should be and is a very valuable bit of information that can be provided to the President.

It is also my understanding that this is a procedure which the Assistant to the President for National Security Affairs is currently developing, and we look forward to participating in such a process, and I believe it would be a very valuable addition to make that a standard operating procedure.

Mr. **Broomfield**. Should the Attorney General be a participant in Presidential Findings which authorize activities contrary to explicit U.S. policies adopted through law or executive order?

Attorney General **Meese**. I think absolutely an Attorney General should be involved in the consideration of such matters.

I would expect that there would be very few, if any, such Findings or such projects contemplated by an administration, but there may be exigent circumstances where it is necessary, and I think to have sound legal advice is very important in those situations.

Mr. **Broomfield**. Should the Attorney General participate in covert activities in which the transfer of U.S. military equipment or the employment of U.S. personnel overseas is involved?

Attorney General **Meese**. I believe that the Attorney General should participate in the decisionmaking process as to such covert activities, yes.

Mr. **Broomfield**. What about covert activities that could be in conflict with specific international legal obligations of the United States?

Attorney General **Meese**. I think it is important that the Attorney General and the Justice Department be involved in the consideration of such measures, particularly so that they can provide complete, adequate and thorough advice to the President in regard to what international law or international legal matters might indicate, so that he will have the benefit of that advice in making his decision on the matter.

Mr. **Broomfield**. Thank you, Mr. Attorney General.

Mr. Chairman, I will reserve the balance of my time.

Chairman **Inouye**. Senator Trible.

Mr. **Trible**. Thank you, Mr. Chairman. Mr. Attorney General, good afternoon.

The legal and factual questions that I had planned on pursuing have been more than adequately covered.

So what I would like to do is turn to a couple of institutional matters, if I might, Mr. Attorney General.

As you know, the committee's attention is now turning to its report and to the legislative recommendations that we will make to the Congress. To that end I want to pursue some of your earlier and very brief comments to Senator Rudman about the procedures that apply in the Presidential Finding process.

In the early years of the Reagan administration all Presidential Findings for covert activities were seen by the Department of Justice. Your predecessor, William French Smith, insisted on that.

Then, because of the opposition, it seems, of the CIA and the National Security staff, a decision was made to discontinue that practice.

I would say parenthetically, that was before you became the Attorney General of the United States.

To date there have been 33 Findings during the Reagan years; 17 were reviewed by the Justice Department and 16 were not.

Let me ask you, if I might, a couple of quick questions about that procedure.

Is there an established procedure in the administration in regard to who should review Findings? For example, why is it that in some instances the Attorney General is consulted, sometimes not? Often the Secretary of State will be consulted, sometimes not.

Attorney General **Meese**. Senator, it is my understanding that there has been a difference in the way Findings have been handled in the past and that there has not necessarily been a procedure that has been routinely followed in the handling of Findings.

It is also my understanding from conversations with Mr. Carlucci, the current Assistant to the President for National Security Affairs, that a change is being made to develop a specific process, and that this will include, with a high degree of definiteness, which officials are consulted in the case of Findings, and that would include the Attorney General as well as the Secretary of State.

So I think the thrust of my answer to your question is that while there has been some difference in the way these things have been handled in the past, I think that a standard procedure, as I mentioned to Mr. Broomfield, is being developed at the present time and will guide the handling of these Findings in the future.

Mr. **Trible**. Heretofore then there really was no one that was directing or monitoring that process?

Attorney General **Meese**. The process was directed and monitored, if you will, by the National Security Council staff, but there was not a routine review of these by other officials who participate in the activities of the National Security Council itself.

Mr. **Trible**. Surely the Attorney General should have the opportunity to be consulted and you have said that here today. You have also mentioned the Secretary of State.

What about the Vice President and Secretary of Defense? They, too, of course, are statutory members of the National Security Council and would have important input.

Attorney General **Meese**. I believe that all of the statutory members of the National Security Council, as well as the statutory advisers, the Director of Central Intelligence and the chairman of the Joint Chiefs of Staff, should participate in the review of covert actions.

I also believe that the appointed members of the National Security Council—which would include the Secretary of the Treasury, the Attorney General, and the Chief of Staff of the White House, who normally attend National Security Council meetings—should also be consulted.

Mr. **Trible**. So basically what you are saying is that when the administration contemplates these kinds of activities, that all the wise men should be consulted, because that is an important part of the process, is it not?

Attorney General **Meese**. I believe it is, and I think that the whole idea of having a National Security Council was to have a single body which could provide the kind of advice that a President needs on these kinds of issues, and that certainly Covert Action Findings and covert action projects are the kind of thing that are contemplated as the ideal subject matter for National Security Council deliberations.

Mr. **Trible**. As Attorney General, you also believe that Findings should be reduced to writing as well?

Attorney General **Meese**. Yes, sir, without question.

Mr. **Trible**. Let me turn our attention to the issue of congressional notification, hard to define, but obviously an important part of the process. The National Security Act, as you well know, requires prior notification to the Intelligence Committees of the House and Senate for all covert activities. Where there is no prior authorization or prior consultation or notification, the committees must be informed in a timely fashion.

Now, there is no statutory definition of timely fashion, and it may well be impossible to legislate one, but we have to have a better sense of what it is that represents timely notice. What, in your view as Attorney General, should constitute timely notice?

Attorney General **Meese**. Senator, I think that in the normal situation, timely notice, if there has not been prior notification, would seem to me to be something in the neighborhood of 48 hours. I believe that there are currently discussions going on between representatives of the National Security Council staff and representatives of the standing Committees on Intelligence at developing some kind of a procedure such as that.

Mr. **Trible**. Forty-eight hours might not be enough time in my own view, but certainly 11 months is too long, so there has to be notification in a more timely manner.

As I understand your testimony, you were consulted in terms of the January Finding, and it was your view that this was going to be a short-lived operation, that notification would follow promptly. And then you really were kind of cut out of the process, is that not the case?

Attorney General **Meese**. That is correct, as I believe I stated in my opening statement. It was apparent that I was not among those who had a need to know, and I certainly accept that. I would think, however, in regard to timely—going back to what you mentioned about timely matters, there may be occasions when, as you point out, 48 hours is too short a period of time. There may be exigent circumstances in very rare cases where more time is necessary for some peculiar condition which might include some jeopardy or things like that.

But I think as far as the timeliness, certainly a way to prevent it from going to something like 11 months is that the National Security Council itself should periodically review covert actions, particularly those which have initially a short timeframe but which do drag on, and I think that would be another way to have periodic, on a quarterly basis or a 60-day basis, a regular review of covert actions, particularly if there is any circumstance where Congress has not been notified, to be sure that there still is validity, number one, to the action itself and, number two, to the delay in notification of Congress.

Mr. **Trible**. What we need to do is to construct a process where decisions can be made in confidence and yet not in a vacuum. It seems to me we have to find a way in which the wise heads within the administration can be fully consulted and at the same time the administration and the Congress can move forward together. Clearly, that is essential if we are going to have coherent policy on the one hand and succeed on the other.

Attorney General **Meese**. I agree with you entirely, Senator, and I know that is the desire of President Reagan. He has specifically requested Mr. Carlucci to develop that kind of a process so that that relationship will result from an effective understanding between the two branches as to how they can best work together for a constructive policy—constructive process that will produce the best results in terms of a policy that will be supported by both the executive and the congressional branch.

Mr. **Trible**. Let us pursue those matters. We would welcome your advice and counsel, and I thank you for your testimony and yield back the balance of my time.

Chairman **Hamilton**. Mr. Foley.

Mr. **Foley**. Mr. Attorney General, the day is growing late, so I'm not going to take my full time. In fact, I was going to put some questions to you that were the questions that Senator Trible examined. I think they are important questions, and I want to compliment you on the answers, and I hope that this will be the effort of the President to establish a regular review of covert actions and to establish some understanding of what timely notice is meant to be. I think this is a very constructive addition to the hearings.

Thank you, sir.

Chairman **Hamilton**. Mr. Hyde.

Mr. **Hyde**. Thank you very much, Mr. Chairman.

Good afternoon, general. I just want to put a plug in for flexibility. When it comes to timely notice, 48 hours is relatively meaningless. I would say one should measure timely notice by the nature of the event rather than the ticking of the clock.

For example, in Iran we had about six of our people over there who found their way into the Canadian Embassy, and it took 3 months to get them out—some very fine work by the Canadians and our CIA. And the Canadians insisted that no notice be given to anybody because their citizens' lives were at stake, and one must respect that, and one doesn't want to be violating the law by respecting the wishes of a third country.

So I am not concerned with the phrase "timely notice." I think that is about all one should say, and the events should determine whether it is timely or not, in my humble opinion.

Let me comment about some benign criticism that the President had the bad taste to appoint a friend to be Attorney General.

One must smile at that because of the ultimate appointment of a friend was by the revered John F. Kennedy who put his brother in office, and as one passes the hallowed halls of the Justice Department, past the portrait of Ramsey Clark and others, I think we are fortunate to have Edwin Meese in there, and the fact that the President put someone in whom he has known, in whom he has confidence and trust, it seems to me is an asset, not a liability.

I, too, however, perhaps—contrary to Mr. Bolton for whom my admiration is boundless—don't think badly of the independent counsel concept.

When Griffin Bell was Attorney General and Hamilton Jordan had some problems—which happily were resolved in his favor—but I felt it perhaps inappropriate that Griffin Bell deal with that. I think that situation is true for members of the Reagan administration.

So I have no problem with independent counsels. Perhaps there is some way to structure the law so there is some more accountability and perhaps to a panel of court, but I have no problem with that.

But I notice we in Congress distance ourselves from our own alleged peccadillos, the ethical problems that Members of the House and Senate have. We aren't enamored of the idea of an independent counsel looking into our problems.

We keep it inside in the club, so to speak.

And you know, as one who may be the beneficiary of that club some day, God forbid, I can understand the attachment to that notice, but it seems to me a little—I detect a little of the sound of tin when people complain about lack of zeal for the concept of independent counsel, when they themselves remove themselves physically and spiritually and politically from the same concept.

Now, my friend from Maine, who is not here—yes, he is here. In fact, I say my dear friend from Maine, now that is here.

Mr. COHEN. What would you say if I were not here?

Mr. HYDE. My very dear friend. I wouldn't want to overdo it, but nonetheless, he talked about the hat trick. Only he had a different hat trick. He said fool the Ayatollah, fool Congress, and help the Contras. That was his hat trick.

My version of that hat trick was, use the assets of tyranny to support the cause of freedom and maybe get some hostages out. That is a real hat trick.—Assuming it is legal and assuming it works.

I am not yet convinced, having listened to the dialog between yourself and members of this committee, that there was a diversion. I don't know.

The constructive trust idea is interesting.

Judge Heflin read a definition from Black's Law Dictionary that I suppose is acceptable, but as I understand it, General Secord bought the weapons from the CIA, paid upfront whatever they charged, whatever they wanted.

They didn't release the weapons until he paid for them. Then he in turn sold them to Ghorbanifar.

Now, he also marked them up for handling charges, insurance, transportation, and whatever. He set the final price, the ultimate price to Ghorbanifar, who then dealt with the Iranians.

Now I am not altogether convinced that those proceeds necessarily belong to the Treasury since Secord bought them from the CIA and paid whatever they wanted in front. I don't know. I think there is an argument there.

I suspect without knowing that some of those millions are being held in another constructive trust, perhaps for some Iranians who were willing to pay those prices in the expectation that there would be some baksheesh, I believe the term is. I don't know.

But I wouldn't rule that out, as the phrase goes around here.

Attorney General MEESE. I think you will remember I was speaking only hypothetically and did not come to any conclusions along that line for the reasons you suggested.

Mr. **Hyde**. I understand. I understand. I think it is a fascinating legal problem. We have all rushed to judgment on it, and I have not seen a real analysis yet. But I am sure that will happen in another place, perhaps at another time.

Mr. Attorney General, in an earlier Congress, when—where many members of this committee served, I might add—I am speaking of April 23d, 1980—it seemed to me we had a clearer understanding of the value of secrecy, where hostages lives were involved.

There were two resolutions of inquiry in the House demanding that the Carter administration tell Congress everything they knew, had done—documents, information, about relations with the Shah, any arrangements made to take care of the Shah, now that he had left Iran, abdicated—and the other resolution was for all of the details of our relationship with Iran, and those two resolutions were debated on the Floor of the House, and one of the people engaging in the debate, who is also a member of this committee, his ideas prevailed, I might add.

He said, "To accuse the White House—" and this may be "deja vu again," Mr. Attorney General—"To accuse the White House and the State Department of ineptitude is indeed like shooting fish in a barrel. But what does it profit us? It is our government. It is the only government we have, and if we continue to publicly display our lack of confidence in our government, we continue to provide grist for a Soviet miscalculation.

"Mr. Speaker, the stakes are extremely high. It is not simply springing 50 hostages. The Soviets are poised on the borders and if we continue to show division to the international community on the home front, if we continue to divert our attention from the incredible breaches of decency that have occurred by the Iranian Government and talk about division and ineptitude and lack of support on the home front, we encourage the Soviet Union and the militants in Iran to say, 'Look, they are falling all over themselves. The longer we hold on, the more they will continue to snipe at their government.'

"I think the stakes are too high to put our dirty linen—and indeed it may be dirty linen—out on the line for the world to see. Therefore, I support the motion to table."

And I might point out both of these resolutions were tabled by overwhelming votes of 342 to 57, 314 to 90. And every member on this committee that was in the House of Representatives on that date, save one, voted to table those resolutions, recognizing the need for the lives of the hostages being in jeopardy, the need for protecting them.

So, as I say, what goes around comes around. Maybe we will come back to those times when there was more sensitivity to the lives of hostages, thus permitting some secrecy.

Now, leaks have been mentioned by my friend from Wyoming. That is a very sensitive subject up here, because there is a myth that we don't leak. It all happens down the street somewhere.

The truth is, of course, everybody leaks. The executive—more leaks from the executive, because there are more people connected with the executive.

You talk to the State Department, all of the agencies.

I guess per capita, we might leak more up here. I don't know of any scientist—maybe Norman Ornstein could go into that, taking time out from whatever it is he is doing.

Yesterday's *New York Times* had a fascinating little squib on leaking, a poll on leaking. I don't have the page, but it is a column called "Briefing."

It talks about leaking, defines it, and points out that there was a poll in a magazine called *American Politics* that circulated to what it calls Washington insiders, Members of Congress, government officials, lawyers, lobbyists, and diplomats.

Of 780 readers who filled out a questionnaire in the June issue, 28 percent admitted to having engaged in leaking.

I won't tell you how many were Democrats or Republicans, because we are, if nothing, we are nonpartisan in this committee.

I will say this: philosophically, 36 percent of the leakers said they were liberals; 29 percent moderates—I guess that is a euphemism for progressive—and 23 percent conservatives.

So we have 65 percent of the leakers admit they are moderates or liberals and 23 percent conservative.

I don't know what that adds to our store of information here, but I kind of like that statistic.

Thank you, General.

Attorney General **Meese**. Thank you, Mr. Hyde.

Chairman **Inouye**. The Chair recognizes Senator McClure.

Mr. **McClure**. Thank you very much, Mr. Chairman.

Mr. Attorney General, I know it is late. I know you are anxious to get this session completed, and I suspect you are only slightly more anxious than we are. But there are two or three questions I think might be helpful to add to the record at this point just to kind of round out the testimony that you have given.

I noticed on, in particular, on page 13 of your opening statement, I will just read from it, I think you will remember that you had said that you had discussed the matter of the fact-gathering inquiry with FBI Director William Webster, who concurred that it would be inappropriate to utilize FBI investigators.

I wonder if you would tell us why it—why you and he thought it would be inappropriate at that stage to use FBI investigators?

Attorney General **Meese**. Senator McClure, the reason was that this was essentially a policy factfinding responsibility and putting together facts that had occurred within the Executive Branch. It was not an investigation, either criminal or civil, in the normal sense, and both Director Webster and I were mindful that previous Presidents had been severely criticized for using the FBI for normal administrative purposes for the benefit or policy purposes for the benefit of the administration rather than for the purpose for which funds were appropriated, namely for primarily criminal investigations.

Mr. **McClure**. I know some have been very critical of you for the fact you had not launched this investigation as a criminal investigation at an earlier time, and you have rather extensively answered that question in several different ways today, but I think it is one of the more puzzling—and perplexing to a number of people—as to why if you had these hints of wrongdoing, why didn't you seal the records, lock up the doors, and exclude the personnel, and be worried about shredding documents and so on?

It has also been suggested here, I think by earlier witnesses and alluded to today, that Poindexter, McFarlane, and North have all expressed some resentment of the fact that they were kind of being left on their own, that they were not being supported by the President as they believed they ought to be. I think that is a fair characterization of at least a portion of their testimony.

And if that is the case, what would they have done at that time if, instead of asking them what the facts were, you had started reading them their Miranda rights? Would you have been more likely to get information or less?

Attorney General **Meese**. Senator, I think there is no question in my mind we would have gotten less information if we had proceeded in that manner, plus the fact, as you implied in your question, that there was absolutely no basis to commence a criminal investigation at that time.

Mr. **McClure**. I do believe that a great many people are wondering about that and have suggested from time to time, indeed as has been suggested here today, that perhaps you should have moved more vigorously. I can understand the basis for that concern, but I can also believe that at least at the outset, until you knew what the facts were and had some glimmering notion of what the facts were, you wanted to get information.

That has been one of our problems with this committee. Over the entire period that we have been charged with the responsibility of getting the facts out to the American public, there are parallel criminal investigations and possible criminal action against individuals. We have had to be very careful as we tried to separate the two. The American public is equally perplexed about why didn't we get at it back in January? Why did we wait until so late to get at our investigation and our hearings?

I think there is at least a parallel in your activities and ours certainly of a different character and a different time. But I want to ask you some questions that I asked of Mr. Cooper when he was testifying, and I will refer to his testimony, and it shows in the transcript of the testimony before this committee on June 25, 1987—you are being handed a copy of that transcript.

I asked this question: "Mr. Cooper, I believe you testified this morning that during the ride back to the office after your luncheon meeting where you were informed about the diversion memo, that the legal significance was still not clear to me. I believe you added, it is still not clear to you today; is that a fair summary of your statement?"

He answered: "I think that is a fair summary of my statement."

How would you regard that question and that answer?

Attorney General **Meese**. Well, I think what Mr. Cooper was saying, and I would certainly concur with it, is that the legal significance, in terms of possible criminal culpability, is still under investigation by the Independent Counsel and will not be clear until that investigation is complete.

Mr. **McClure**. Further down the same page, I asked him, "Would it be fair to say that then and now you are not certain in your own mind with respect to possible violations of law that may be indicated by that memo?"

And he responded affirmatively.

Would I understand that you agree with that?

Attorney General MEESE. Yes, I would, Senator. I think that was implicit in my answer to Mr. Hyde's comment on that a few minutes ago.

Mr. MCCLURE. And on the next page, he responded again that, "The so-called diversion issues are not issues that I have arrived at any judgments on."

Would you concur in that statement?

Attorney General MEESE. Yes, Senator. The judgments, I think, have to be made on the basis of all the facts as a result of an extensive criminal investigation which is ongoing.

Mr. MCCLURE. The next question related to the Boland Amendments, and he gave a similar answer. Would you agree with that?

Attorney General MEESE. Yes, sir.

Mr. MCCLURE. On page 272, at line 6234, I asked, "You have testified that you have come to the conclusion in your mind that at least a good case can be made that the proceeds of that sale, the net proceeds of that sale, are moneys that belong to the U.S. Government; is that correct?"

And he answered, "Yes, sir."

And I went on to say, "You were somewhat less than totally dogmatic about that statement."

And he responded to say, "It is my view—it is my view——"

I then said, "You have indicated that it took you some time to come to that point in your discussion or in your thinking about that question." And I go on and discuss for some time in some detail there in the next several questions about whether or not it was absolutely clear as a legal question that indeed the proceeds of the sale are property of the Federal Government of the United States.

Mr. Meese, you have been an active attorney in a variety of different incarnations over the last several years. Is there any conceivable legal theory under which Mr. Secord could claim that the proceeds of the sale belong to him and not to the Federal Government?

Attorney General MEESE. Well, Senator, without knowing all the facts, it is hard to say, but I think, at least hypothetically, you can conjure up theories under which that would be possible. I might say that on that particular Monday, we had to do a considerable—Monday, the 24th of November—we had to do a considerable amount of checking ourselves with the Army as to the cost of the weapons that were involved, with the CIA as to the process of the transfer and other things, before we were able to arrive at a conclusion that the constructive trust theory we have heard so much about might even apply, so that there are a lot of factual and legal matters that would go into any determination such as that.

Mr. MCCLURE. Just as a matter of criminal law, there has to be a union of act and intent? A person must violate a law, and he must intend to violate it or must have a guilty mind at the time that he performs the act in order to have the requisite basis for a criminal prosecution; is that not correct?

Attorney General MEESE. That is correct, Senator. And one other aspect of it is, of course, that a person—the law must be in such a condition that the person is given fair warning of what the crime is that he might possibly be accused of.

Mr. McCLURE. I think certainly the latter is true with respect to the Boland Amendment, because there is a great deal of disagreement among Members of Congress as to what is meant by that, not to say that Congress is the best place to go to find out what the law is. Often it is not.

I also recognize there are differences of opinion. But I mention that with respect to the proceeds of sale, because some people have immediately assumed that if as a matter of fact it is determined that that money belongs to the Federal Government, there must have been a crime in misappropriating it. That would seem to me at least that if the parties that were involved in that had any basis upon which they could make a claim, there—and they honestly believed the basis of that claim, that they couldn't be found guilty of a crime.

Attorney General MEESE. Senator, there certainly—intent to defraud is a necessary requirement of theft, and so there certainly is a definite possibilities as to potential defenses that could be exercised.

Mr. McCLURE. I mention that only because I don't want this panel nor people listening to this panel to jump to conclusions on the basis of what it is we are talking about here. I think there are a lot of questions that we are not going to answer. It isn't in our charge to answer, and we cannot answer them. We are not here to determine guilt or innocence. I am not sure even that the earlier discussion about who is lying or who isn't lying is relevant to the purposes of this panel.

Our determination is to try to look at process, try to determine what did happen, and there is going to be some ambiguity left when we finish, and as in every trial, a jury is going to be left to make up its mind. The jury in this case is made up of the Congress trying to determine what laws are, the administration as to what process should be, and the American public as to who is or is not telling the truth or is telling the truth.

Finally, Mr. Meese, there has been some talk, and you used the term just a few minutes ago and it really troubles me. That is in response to a question that was asked, you had been cut out of the action after a certain point, and you had responded by saying you understood that determinations were made on the basis of need to know. I understand the need for compartmentalization. I understand the reasons for it in terms of security, but I cannot understand why there would be a determination of need to know or compartmentalization where it came to members of the National Security Council.

I think one of the very essential requirements, one of the reasons that there is a security council, is to get the variety of opinion, following the old adage that "two heads are better than one," that somehow in the process, you better have a number of responsible officials look at matters of this kind. And the statute structures who is on the National Security Council. I can't conceive of the circumstances in which any member of the National Security Council should or could be excluded from the right to know on the basis of need to know. It just seems to me that that is by definition impossible.

Would you care to comment?

Attorney General **MEESE**. Senator, I agree with you. There may be some unusual circumstances just as I mentioned there occasionally are exigent circumstances that require what many might think is the timely notification of Congress. I think those are very rare. I generally agree with you, that the course that you suggest, that the—all the members of the National Security Council be fully acquainted with particularly any covert actions or other matters, that that is the better practice. I think it is one that you will find will be followed in the future.

Mr. **MCCLURE**. One of my very bright and able staff people suggested to me when I was talking about what we might ask of you this afternoon, he said, "Well, everything has really focused on 4 days. Nobody is much concerned about what the Attorney General did before the 21st of November, and nobody seems to care much what he did after the 25th of November.

So let's look at those 4 days. If we just divide up those 4 days among all the members of the committee, each one can get down to the minutes and seconds of the day and night which I thought was not a bad suggestion. Then he went on to suggest that I can take the period from 1:30 to 6:30 on Sunday morning when you were asleep, and I could just yield back all of my time.

So I will, Mr. Chairman.

Chairman **INOUYE**. The hearing will stand in recess for 10 minutes.

[Recess.]

Chairman **INOUYE**. The hearing will please come to order.

Chairman Hamilton.

Chairman **HAMILTON**. Mr. Brooks.

Mr. **BROOKS**. Thank you, Mr. Chairman.

Mr. Attorney General, as you no doubt will recall, I have had some problems in the past with your legal position on certain issues, particularly with regard to your suggestion that the President is not required to enforce laws or portions of laws which he believes to be unconstitutional.

You will recall that the President and the Justice Department took the position that a certain portion of the Competition in Contracting Act, signed into law by the President in 1984, was unconstitutional. Your Justice Department directed the OMB to issue a bulletin, OMB bulletin 85-8, that ordered the executive agencies to ignore that portion of the Act, and when questioned about it before the House Judiciary Committee, you took the position that the President can refuse to enforce a statute that he thinks is in conflict with the Constitution.

At that point the House Judiciary Committee voted to cut off all funds for the Attorney General's personal office—you remember that—and with that action and two rulings by a Federal judge, ordering the administration to implement the Competition in Contract Act in full, the OMB order to ignore portions of the Act was finally withdrawn. In his opinion, Judge Ackerman stated, "Such a position by the Executive Branch I find flatly violates the express instruction of the Constitution that the President shall take care that the laws be faithfully executed."

Now, in addition, I am troubled by your position that the President can delay indefinitely reporting to the Congress when a covert activity is undertaken. In the case of the January 17, 1986, Finding, you apparently expressed your opinion that there was no time limit in which the President should report this to Congress. I believe that you testified that you thought the activity was going to take 30 or 60 days, and would be over. In fact, it went on for over 10 months, during which time Congress was never told, and I gather you never revisited the question.

While I am not saying that the legal opinion was indefensible, I do think that along with your position on the constitutionality issues, it reflects a little bit of a hostile attitude toward Congress and makes it a little more difficult for us to work together.

In addition to questioning some of your legal conclusions, I do find it troublesome that the investigative techniques used in this particular situation when you called ahead to alert the people that you were sending investigators over to go through the files and you failed to seal those files for several days instead of doing it that afternoon and you failed to ask the President and Regan and Casey, I believe, and Shultz a lot of what would seem to be obvious, pertinent questions when you interviewed a number of key players, and then failed to make notes of the discussions in many cases. You obviously recognized the significance of this whole episode when you recommended to the President, with some courage, I might add, that the investigation be undertaken in the first place, but it seems to me that a more tightly structured format for carrying it out would have benefited you and the President and everybody involved because it would have removed some of the doubt and uncertainty that now surrounds the investigation itself.

General, I want to give you and your associates at the Justice Department credit, and I have done so on national television, for recognizing the significance of the diversion memo that was found. It may have been mostly luck that one remaining diversion memo was found, you know. You told them about a day in advance. North was shocked when you showed up with it. He thought he had got them all. And it was hardly the product of a highly skilled investigative technique, but fortunately it was found and you recognized it when you got it. It is 45—44 in our document list, a long document laying out the whole scenario of what was to be done.

But what really worries me is what you didn't find, because there were so many opportunities, after you notified him, opportunities for them to shred and to alter and to change and to haul off in various manners. You wonder what documents might have been lost that might have shed some real additional light on this.

So I will say, Mr. General, that you also have some credit for realizing that the President did need to move quickly to disclose the facts. Now, you were a little slow about providing them sometimes, and you played a few games with that, but basically you understood the problem and did have the courage and I believe the judgment to encourage the President to do that and to make some changes in those operations at the White House.

I've got a couple of questions for you.

Were you ever asked by the President or his Chief of Staff or National Security Adviser or anyone else for legal advice as to what extent the National Security Council staff could be used in operational activities such as covert activities?

Attorney General MEESE. No, sir, I was not.

Mr. BROOKS. Have you been asked for any such advice since November of 1986?

Attorney General MEESE. I don't believe that I have, no, sir.

Mr. BROOKS. Would you think about it a minute? You feel sure that they have not asked about it or inquired about it since then?

Attorney General MEESE. I don't believe that any specific advice has been sought on that subject. I believe I have voiced my own opinion in a variety of circles that NSC staff members should not be involved in operational activities. Whether those conversations included members of the White House staff, I can't recall. But I don't think I have had a direct request for my opinions on the subject.

Mr. BROOKS. But it was your opinion that you decided since November of 1986 that NSC staff should not be involved in operational activities?

Attorney General MEESE. Yes, sir, and I believe that would have been my opinion even before November of '86.

Mr. BROOKS. If they had asked you?

Attorney General MEESE. Right.

Mr. BROOKS. Do you believe that the NSC staff was getting involved in activities which should have been undertaken by other agencies of the government?

Attorney General MEESE. No, sir, I do not.

Mr. BROOKS. You don't believe that the CIA or the Defense Department or the State Department might well have been acting in those capacities if they had not taken over those activities?

Attorney General MEESE. I may have misunderstood your question. I thought you asked the question whether I felt that NSC staff members should be involved in activities.

Mr. BROOKS. Whether they were involved in activities which should have been taken up by the CIA, the State Department, or the Defense Department.

Attorney General MEESE. Again, Mr. Brooks, that requires a judgment on a great deal of the evidence that has been produced before this committee which I have not been privy to personally, but I think I certainly feel that there is a high degree of possibility that that is true based upon what I know of what you have heard here.

Mr. BROOKS. General, Colonel North and Admiral Poindexter both have asserted that the Boland Amendment doesn't apply to the NSC staff. You indicated yesterday that you believe they are wrong and that it does; is that right?

Attorney General MEESE. No, I believe yesterday I was asked questions about other provisions of the Intelligence Act, the Hughes-Ryan amendment and other things.

On the Boland Amendment itself, you would have to define which of the several Boland Amendments. There were five of them we are talking about, but I then could give you an answer as whether it would be my view that a particular version of the Boland Amendment would or would not apply to the NSC staff.

The only thing that I can tell you is that this is something on which we have never been asked for an opinion. I think, perhaps, that's the answer that you recall. I was asked whether I had ever been asked for an opinion on the Boland Amendment applying to the NSC staff, and I said, no, we had not either been asked or rendered such an opinion.

Mr. **Brooks**. In addition to this comment, I think North and Poindexter have asserted that their operation to support the Contras wasn't affected by Boland because it was not run with appropriated funds. Do you believe that Executive Branch officials are constitutionally permitted to organize or conduct American foreign policy initiatives funded by private citizens and foreign governments?

Attorney General **Meese**. I think there are several circumstances under which they are. As a matter of fact, I believe there were particular provisions in some of the Boland Amendments that allowed third-country contributions for just such purposes.

Mr. **Brooks**. Well, General, I want to point out that the Constitution, in my reading of it, vests the power over the purse in Congress so it can control the Executive Branch in conduct of both domestic and foreign policy, and Charles the First, a former king of England, was beheaded because he attempted to bypass Parliament to raise money to support his own programs, and I think that maybe that incident was on the constitutional framers' minds when they were thinking about this problem in Philadelphia 200 years ago, and I think that to do this, to allow them to raise money privately from private sources, would void our whole constitutional system, and I also wonder if that doesn't bring about one of the reasons why we have $8 million that is still over there in Switzerland and that—you have frozen those funds, I understand.

Attorney General **Meese**. That is correct, sir.

Mr. **Brooks**. Does that mean we are going to have a chance at getting them?

Attorney General **Meese**. I certainly hope so.

Mr. **Brooks**. Well, I hope that we can. I thank you, and yield back the balance of my time.

Chairman **Inouye**. Thank you very much, Congressman.

Senator Nunn.

Mr. **Nunn**. Thank you, Mr. Chairman.

Attorney General Meese, I also want to recognize you for having had the sensitivity—you and your assistants—to understand the importance of the diversion memo and for also encouraging the public disclosure thereof, as tough as that was at that time. So I do commend you and your assistants for that.

Senator McClure asked a little while ago about the Miranda rules and why you didn't read those rules and you indicated it was not, at that stage in your mind, a criminal investigation. And I understand that, depending on the definition of when that would have been a thought in your mind—but it is my understanding that your inquiry—and this is the 4 days in November, 21st through 25th, that I'm referring to—that your inquiry was basically an information-seeking inquiry; is that right?

Attorney General MEESE. Yes, sir, it was, Senator Nunn.

Mr. NUNN. And it was under the direction of the President of the United States?

Attorney General MEESE. It was at the request of the President of the United States, yes.

Mr. NUNN. What generally did he ask you? What was the scope of what he asked you to find?

Attorney General MEESE. He asked me to provide a factual overview of the Iranian initiative and to determine who had—what had occurred, and to resolve to the extent possible the differing recollections as to a series of events that had occurred during the implementation of that initiative.

Mr. NUNN. So he was primarily asking you to seek information and to report back to him with that information?

Attorney General MEESE. Yes, sir, and to the National Security Council.

Mr. NUNN. And to the National Security Council.

Now, Attorney General Meese, when you talked to Admiral Poindexter on Monday, November 24th, you said it was a brief conversation of 10 minutes and he essentially confirmed what you already knew.

Attorney General MEESE. Yes, sir.

Mr. NUNN. And that is that he knew of the diversion of funds to the Contras?

Attorney General MEESE. Yes, sir.

Mr. NUNN. Admiral Poindexter has testified that he told you he was generally aware of the diversion and then I think you testified yesterday that Poindexter told you, quoting from that testimony—this is quoting you as to what Admiral Poindexter told you—"Ollie has given me enough hints about this, the diversion, so that I generally knew, but I did nothing to follow up or stop it, or words to that effect;" is that correct?

Attorney General MEESE. That's correct.

Mr. NUNN. Did you ask Admiral Poindexter who approved the diversion?

Attorney General MEESE. I did not ask him in so many words. I did ask him whether anyone else—whether he had ever told about this to anyone else in the White House and he said no.

Mr. NUNN. Did you ask him specifically whether he had told the President of the United States?

Attorney General MEESE. I didn't ask him specifically whether he had told the President. I asked if he had told anyone else in the White House or discussed it with anyone else in the White House, and he said no.

Mr. NUNN. So you never asked him whether he had told the President?

Attorney General MEESE. No, I assumed——

Mr. NUNN.—directly?

Attorney General MEESE. No, because that was included in the answer that I had received and the question I asked.

Mr. NUNN. Did you ask him if he had directly—if he had approved the diversion?

Attorney General MEESE. Not in that many words, but I did ask him what he knew of it and he told me, in a sense—in essence rather, that he had allowed it to go forward.

Mr. NUNN. So you took that as tacit approval?

Attorney General MEESE. I believed—he told me that that was the extent of his involvement, and I took that as tacit approval, the fact that he allowed it to go forward.

Mr. NUNN. But I believe that you testified that you did not believe he had authority to approve that.

Attorney General MEESE. That is correct.

Mr. NUNN. Did you ask him if he thought he had authority?

Attorney General MEESE. No, sir, I did not.

Mr. NUNN. So you never discussed that with him.

Did you ask him when he learned of the diversion?

Attorney General MEESE. I don't believe I asked him precisely when, nor did he tell me precisely when he had learned.

He indicated, as you quoted, that Colonel North had given him hints over a period of time.

Mr. NUNN. Did you ask him why he did not tell the President of the United States about the diversion?

Attorney General MEESE. No, sir, I did not.

Mr. NUNN. He just said he didn't tell anyone in the White House other than the named individuals.

Did you ask him if Colonel North had discussed this or had approval from anyone other than him, that is, anyone other than Admiral Poindexter?

Attorney General MEESE. No, I did not, because in our conversation with Colonel North he had indicated that Admiral Poindexter was the only one in the White House who knew about it.

Mr. NUNN. What about outside the White House?

Attorney General MEESE. The only one he had indicated outside the White House in the Government or who had been in the Government was Mr. McFarlane.

Mr. NUNN. Did you ask him whether anyone outside the White House in the Government, other than Mr. McFarlane, knew about the diversion?

Attorney General MEESE. He told me that. He said that there were only three persons in the U.S. Government who knew this, and those were himself, Mr. McFarlane, and Mr. Poindexter.

Mr. NUNN. Did you ask him about who knew it outside of the U.S. Government?

Attorney General MEESE. No, sir. He told me those were the people that knew it.

Mr. NUNN. He said in the government. Did you ask him about people not in the government?

Attorney General MEESE. No, sir.

Mr. NUNN. That didn't occur to you?

Attorney General MEESE. That did not occur to me.

Mr. NUNN. Did you ever have any conversation with Admiral Poindexter or ask him any question about whether Colonel North and Director Casey had discussed this issue?

Attorney General MEESE. No, sir, I did not ask Admiral Poindexter, because Colonel North had told me that, again, just who in the Government knew about it, and I asked Admiral Poindexter only whether he had told anyone in the White House.

Mr. NUNN. So you never asked Admiral Poindexter if he had told or discussed this with Director Casey?

Attorney General MEESE. No, sir, I did not.

Mr. NUNN. Did you ask Admiral Poindexter under what authority he had approved this diversion by Colonel North?

Attorney General MEESE. No, sir, I did not.

I don't know whether you were present earlier, Senator Nunn, but at that time I testified why this was so brief and why I didn't go into more extensive questioning, and that was that I was literally on my way to talk with the President and my main purpose was to verify what I had been told by Colonel North the previous day, and particularly as to whether anyone in the White House knew about it and what the knowledge was on the part of Admiral Poindexter.

Mr. NUNN. I believe I heard that.

Did you ask Admiral Poindexter anything about the money, where it went?

Attorney General MEESE. No, sir, I did not.

Mr. NUNN. And how much it was?

Attorney General MEESE. No, sir.

Mr. NUNN. Did you ask him anything about whether the Contras got the money?

Attorney General MEESE. No, sir, I did not.

Mr. NUNN. I understand the rush of events that day, but it does seem to me that there were almost no direct questions asked by you to Admiral Poindexter.

Attorney General MEESE. That's correct. I mentioned already the timeframe and also the fact that we had had a detailed account of this whole thing by Colonel North the previous day.

Mr. NUNN. But you were trying to determine—as you said, from the President your directive was to see how you would resolve various conflicts, and it seems to me you gave very short treatment to whether or not the two key players in this may themselves disagree.

Attorney General MEESE. The purpose was to resolve the conflicts and to get a coherent story when we started out on the Iranian initiative.

As I told—as I testified earlier, we had a totally different situation in regard to the discovery of the diversion of funds, and there the primary objective was to verify what in fact had happened, get an account of all of the essential facts and then determine what the next steps would be.

So the mission considerably changed from Friday noon when it started until roughly Sunday evening when we had a great deal more information.

Mr. NUNN. I believe yesterday you testified that when you told the President you had found the diversion memo, quoting you from yesterday's testimony, "The President was quite surprised and indicated he had not known anything of this, and I believe Don Regan said at that time, or at least indicated, that he was surprised."

Is that right?

Attorney General MEESE. That is correct.

Mr. NUNN. When you said that the President said he had not known anything of this, what did the word "this" mean to you? Was that the diversion memo?

Attorney General MEESE. He indicated that he did not know anything about the diversion scheme. I talked to him about the diversion scheme.

Mr. NUNN. Did you ask him that question?

Attorney General MEESE. Not precisely, no.

Mr. NUNN. Did he volunteer that?

Attorney General MEESE. No, sir. Well, he volunteered, he said this is a surprise to me or a shock to me, or something like that. I can't recall the exact words. But it was clear from his reaction——

Mr. NUNN. His reaction to what? What had you told him?

Attorney General MEESE. About finding the memo and having the conversations with Colonel North and, in essence, the whole diversion scheme.

Now, that was told to him in brief initially and then in more detail when we got together in the afternoon, as I recall.

Mr. NUNN. So the first thing he said to you was he didn't know anything about it?

Attorney General MEESE. No. He indicated that to me by his surprise and shock at what I had told him, and in the course of that indicated he knew nothing about it.

Mr. NUNN. When he said that, you took that to mean the whole diversion scheme, not simply the memo?

Attorney General MEESE. Yes, sir.

Mr. NUNN. Did the President ask you at that stage who had carried out this diversion?

Attorney General MEESE. I told him, and I think much of this was probably told in the afternoon, rather than the morning——

Mr. NUNN. The afternoon would have been after you had discussed this with Admiral Poindexter?

Attorney General MEESE. Yes, sir. And I told him then what the scheme was, the sale of weapons, the profits, and then the profits being diverted.

I mentioned Colonel North and I believe I told him about the bank accounts and that sort of thing.

Mr. NUNN. Did he ask you about the money? And how much there was?

Attorney General MEESE. I don't remember whether he asked or whether I told him or gave him an estimate of what we thought it might be.

Mr. NUNN. Did he ask you whether the money went to the Contras?

Attorney General MEESE. I think I told him that the money did go to the—that we had been told the money did go to the Contras.

Mr. NUNN. Did he ask you who authorized the decision?

Attorney General MEESE. I believe I told him, particularly in the afternoon, what Admiral Poindexter told me, namely that he knew about it, but had not stopped it and allowed it to go forward.

Mr. NUNN. Did the President ask you whether Admiral Poindexter thought he had authority to approve that diversion of funds?

Attorney General MEESE. I don't believe that he did, no, sir.

Mr. **Nunn**. Did he ask you anything about whether Colonel North felt he had the authority to carry that out?

Attorney General **Meese**. I don't think the question of authority ever came up because it was clear to both the President and myself that nobody had that authority.

Mr. **Nunn**. It was clear in what way? Did you discuss it? Did you have a discussion with the President that no one had that authority?

Attorney General **Meese**. I don't know whether we said it in that many words, but there was certainly no question in either of our minds that no one had that authority.

Mr. **Nunn**. Did he say anything to the effect, golly gee, I wish they had consulted with me, or anything like that? Or how did they think they could possibly have the authority to do that? Did he express any sense of outrage?

Attorney General **Meese**. I think he expressed real concern that this had happened because—and a lot of this was obviously in both of our minds, that this was a major blow, that it cast a cloud upon both the Iranian initiative and on the assistance to the Freedom Fighters in Nicaragua.

Mr. **Nunn**. It sounds as if it was more in the terms of you reading each other's feelings rather than expressed words, is that a fair statement?

Attorney General **Meese**. I think on the part of all of us, Mr. Regan, the President, myself, we both had a generally similar reaction, yes.

Mr. **Nunn**. Did the President ask you whether he should fire someone at that stage?

Attorney General **Meese**. I think at that point he said—this is now on the afternoon of Monday—I think the question came up, and I don't know whether he raised it or whether Don Regan raised it, about whether Admiral Poindexter should be relieved of duty, and the President said that was one of the things he wanted to think about overnight, because he wanted to consider several things that ought to be done.

Mr. **Nunn**. Did you talk about relieving Colonel North or did the President say that?

Attorney General **Meese**. I don't think that came up until the following morning.

Mr. **Nunn**. Who brought that up?

Attorney General **Meese**. It was either—I think it was Mr. Regan, but I'm not positive. I think it came up in the whole general discussion of the different things that ought to be done.

Mr. **Nunn**. Did the President concur in the termination of Admiral Poindexter and Colonel North, or was it his reaction to this in terms of outrage? In other words, were they terminated based on your recommendation or based on the President's own feeling?

Attorney General **Meese**. Well, it was ultimately the President's decision. I think it was primarily to a great extent Mr. Regan, as the Chief of Staff of the White House, who probably made the significant recommendations in that regard.

Mr. **Nunn**. I want to ask you one other line of questioning here.

You said in your opening statement, Mr. Attorney General, and this relates to the hostages and so forth, sensitivity of the operation, "We were all acutely aware that if word of the initiative got out, however innocently or inadvertently, it would likely be fatal to the hostages and others helping in their release."

I don't want to go through this whole thing with you, and I don't know about the interview that Reverend Pat Robertson had with President Reagan in 1985—do you know about that?

Attorney General MEESE. No, sir, I don't.

Mr. NUNN. That probably answers the question, but I'll read it to you very briefly. This was a TV interview, and Reverend Robertson has twice, in interviews with the *Los Angeles Times*, said Colonel North told him he was relating and working with the Iranians to free hostages. Colonel North in testimony denied that.

But getting directly to the question, I'm not trying to get you in that dispute, but Reverend Robertson on television asked President Reagan back in—on September 20, 1985, quoting from that interview, "Word reached us that a member of the White House staff was dispatched on Sunday to Iran to seek the release of the remaining six"—and actually was seven at that time. "Is there any word on that that might give hope to us?" And President Reagan, I won't read his whole reply, skirted the issue and handled it I think rather skillfully.

The question I have to you is, did anyone say to you that this was a serious leak?

Attorney General MEESE. No, sir. I don't remember ever hearing about that before your reference to it now.

Mr. NUNN. This is very puzzling to me. Here everyone was compartmentalizing, or at least that was the effort, keeping this very secret. Your testimony and many others was that one of the reasons that you didn't let this get out to Congress or to the other people in the administration was the sensitivity, the lives involved. Yet, here the President of the United States is asked a question indicating some very sensitive information is in the hands of the interviewer, and no one knows about it. Nobody investigates it. Admiral Poindexter is never notified. You, as Attorney General, weren't notified. No one did anything about it.

Does somebody monitor what the President says and what he's asked on television?

Attorney General MEESE. Normally there are people who are watching those things. I cannot respond to you as to why this occurred.

Mr. NUNN. You don't have any knowledge of it?

Attorney General MEESE. No, sir.

Mr. NUNN. Thank you, Mr. Attorney General.

Thank you, Mr. Chairman.

Chairman HAMILTON. Mr. Courter?

Mr. COURTER. Mr. Attorney General, good afternoon.

Attorney General MEESE. Good afternoon.

Mr. COURTER. Yesterday, there was an individual on this panel that suggested that your office and you personally did not cooperate fully with this committee by supplying all relevant documents or information. I just want to give you a chance to answer that and clear the air.

I'm just wondering whether any request in writing or otherwise from this committee, from the chairman or the ranking members of the committee, or the counsel have gone unresponded by you or your office?

Attorney General MEESE. Mr. Courter, not to the best of my knowledge, and we have tried very hard to provide all the information that has been requested. And I might say that this has involved a great deal of time and effort which we felt was appropriate in view of the President's desire that we cooperate fully with the committee.

Mr. COURTER. Mr. Attorney General there's, I will recognize there's been a great deal of conversation, a great deal of comments with regard to your investigation. I'm well aware of the fact that if we had you stay here another 24, 36 hours, we would have been asking you or had the time to ask you about the investigation for a longer period of time than you were given to perform the investigation or the factual inquiry.

I'm also aware of the fact that hindsight is 20/20, that I can hear the criticisms now of your performance, if, for example, you immediately impounded and sealed off and walled off the National Security Council and Oliver North's office, that if no documents were removed or altered or destroyed there, then people would criticize you for not doing the same for the State Department, the Defense Department, the Vice President's office, the White House, et cetera, that there is no limit to the imagination that we could come up with with regard to criticism of that 72 hours that you had to conduct an investigation.

But nevertheless, it seems to me that this was, and you must have sensed, you have very good political sensitivity. We all know that—you must have sensed the enormity, the importance of the task that was given to you by the President of the United States way back in November of last year, that business could not be conducted as normal, that there was a great deal riding on the investigation that you had to conduct in a 72-hour period.

I'm just wondering, you know, based on reflection, whether you would have done anything different? I personally have been critical—maybe I feel somewhat better about the investigation now after hearing you personally. I still have the feeling that perhaps additional notes should have been taken, some tougher questions asked. Maybe I don't understand it, because I'm not sure what the Presidential request was. I know that—I saw the movie, I suppose you did, too—"Murder on the Orient Express." Investigator Poirot walks in the room where the murder was and said, "Touch nothing." We all expect that's the type of investigation you were to conduct.

Can you articulate to a little bit greater degree the type of charge that you felt you were under—your responsibility, was it a full investigation? Was this something to report to the President so he could inform the American people? Or precisely what was the President's recommendation and charge to you?

Attorney General MEESE. Yes, Mr. Courter. Let me just start from the end of your statement there. It was not a Hercule Poirot investigation or an investigation at all, really.

It was not to assist the President in getting to the bottom of some deep mystery and reporting to the American people. It was in essence to correlate information from various people in the administration, all of whom were assumed, as we would in any everyday investigation, to be acting in good faith and to be fully cooperative with the President, to look at what people recalled of some events that had taken place up to nearly 2 years before, and then to put that together into a coherent outline so that what the President did talk about with the American people, what he knew himself, and what people testified to before Congress would be accurate and would relate to the different recollections that different people had of what had occurred.

It was something quite different than an investigation. That's why I have been rather careful in my depiction of it. It was more akin to having someone develop a coherent piece of testimony to be presented to a legislative hearing.

Mr. COURTER. Oliver North testified when he was here for 6 or 7 days about the fact that his activities with respect to Central America and the Democratic Resistance there was—I am not sure whether he said common knowledge, but he indicated a lot of people knew about it in the administration, and it was really not a surprise when George Shultz came up to him during a retirement dinner, he put his arm around him, came up to him and said, "I know what you are doing, you are doing a great job."

When Elliott Abrams wanted to get the bodies of two Americans that were killed in the Hasenfus flight back to the United States, he knew enough to call up Oliver North. Can you confirm that? Was it common knowledge?—Was Oliver North's workings, support, coordination of the Resistance in Central America, was that common knowledge in the Cabinet and in the administration?

Attorney General MEESE. Mr. Courter, I would say that there was probably general knowledge that he was working in the general field of Central America. I know that he certainly seemed to participate in a lot of activities relating to the support of the Freedom Fighters there. As to how deeply he was involved or what his duties are, I didn't have any specific knowledge of that. He was doing a whole group of things. He was the head of what I believe was called the Political-Military Section of the NSC staff, and that encompassed a lot of things, such as the Central American operations. It was obvious he was involved, at least by November, in the Iranian initiative. I knew that he had been involved in efforts to locate the hostages. So there were a number of things he was doing that had to do with that particular aspect of the National Security Council staff.

Mr. COURTER. If someone asked you the question a few months ago, before all this was revealed, that asked you the question whether Oliver North, as far as part of his responsibility, was working in conjunction with private efforts to help the Democratic Resistance, you would have said yes, you were aware of that?

Attorney General MEESE. I think I probably would have said yes, I am generally aware of that, or it is entirely probable. I probably wouldn't have had any specific information that he was doing that.

Mr. COURTER. You indicated prior in your testimony that you had—had you been asked, you would have recommended against the use of the residuals or the diversion of money from one operation to the other operation. I am just wondering whether you would have made that negative recommendation to the President based on policy grounds or legal grounds?

Attorney General **Meese**. I think I would have made the recommendation on both grounds.

Mr. **Courter**. You indicated also that you, although you can speculate and someone can argue about the fact that the profits for this weapons sale was possibly a constructive trust arrangement and, therefore, in one sense the property of the United States, I don't read it that way. I am not in favor of the diversion, and I would not have indicated to the President my support, had he called me up, but nevertheless, it seems to me that the U.S. Government did bargain for the sale of weapons to get a certain sum of money, that the U.S. Government does not sell weapons for profit. That was not the motive here. The motive here was clearly either hostages or some sort of rapprochement with Iran, or a combination of both.

Since, number one, the motive of the sale was not a profit and since, number two, the U.S. Government got every penny it bargained for, it seems to me that money would have to fall in one of two other categories. I would like your opinion.

Number one, third-country or second-country money, number two, private money. I am wondering if you would like to comment on it.

Attorney General **Meese**. Mr. Courter, I think arguments can be made as to both of those conclusions. I think an argument can also be made—and perhaps even some would consider the better argument—that under an agency or constructive trust theory, the money does become property of the United States. When someone acts as an agent for a principal, whatever profits may accrue—even if unintended—may belong to the principal, so that I think there are a number of legal theories that are applicable here.

Among the things I have indicated earlier is that since this is a matter which will be ultimately the basis for certain conclusions of the Independent Counsel, I have deliberately tried not to make an absolute conclusion on this matter. We will have an opportunity to cooperate with the independent counsel as to the civil aspects of this at an appropriate time.

Mr. **Courter**. I am familiar with the laws of principal and agents. It seems to me that an argument could be made that you do have that type of legal arrangement, an agency or implied agency, the agent has to do what the principal wants. I am just wondering whether your familiarity with this case now, maybe you can't guess, but I am fairly familiar with it, it seems to me that if Albert Hakim was called up and said to use the money for something against the United States or against the country of Iran or individual businessmen, that he wanted in Iran, he wouldn't have cut the checks. It seems to me that theory of the principal and agency does fall down because there was a certain degree of discretion in General Secord and certainly quite a large degree of discretion in Albert Hakim.

You don't have to comment on that unless you would like to. If you would like to, you can.

Attorney General **Meese**. I think I'll pass that opportunity, thank you.

Mr. COURTER. There is another area. This is basically my final area. Maybe I can get through before 15 minutes are up. It does bother me a great deal, and it is something that perhaps is being sacrificed, not wittingly by yourself or wittingly by the administration, but it is the idea of executive privilege. It is something that our Founding Fathers wrote about. It is in the *Federalist Papers*. George Washington performed it. We have leading attorneys in the United States that are concerned about its erosion. It is there for a particular important reason. You indicated in your opening statement that there was, and I quote you, "an unprecedented willing disclosure of perhaps millions of pages of sensitive government documents," in other words, in providing these government documents to this committee.

I am just wondering whether we are creating a problem for future Presidents with respect to this. Those people that recommended this full disclosure, the Presidential notes, the classified documents given to this committee and other investigators, were they more concerned about protecting this President rather than doing a favor for future Presidents, and did not in one sense the idea and the privilege and the right of executive privilege be sacrificed on the altar of short-term political gain?

And before you answer that question, I might note that one of the distinguished attorneys on these two panels, someone that I have gotten to know personally and I respect a great deal professionally, Arthur Liman, wrote—I recommend it to everybody, a remarkable study done by him in 1954 entitled "Limited Government and Unlimited Investigation." He indicated, and I will read, on page 10, of that "theorists thus held that Congress could ask for executive papers and that the President should comply with the request except when disclosure would be detrimental to the best interests of the country. They found no solution to the problem of how to insure a nonpartisan interpretation of detrimental to the best of interests."

Further on in that report, on page 108 on that study of Arthur Liman, he indicated the following: "The other important way of checking aggrandizing congressional committees is for the President to refuse them access to information on the grounds that disclosure would be detrimental to the public interests. President Washington set the precedent for such refusal in 1796 by declining to lay before the House of Representatives papers relating to the negotiations for a treaty with England. Such refusals are in the shadow land of constitutional law because of the lack of delineation between the powers of Congress and the Presidency."

I will skip down. He concludes as follows: "If the committee can convince the public that the reason for the President's refusal is fear of exposure and not public interest, it will eventually have its way."

The committee always has its way because of the pressure placed on the administration not to be publicly criticized for lack of disclosure, for hiding something, for not being candid, not being open, not being in favor of sunshine and full disclosure. I am just wondering whether you sense that this investigation, the recommendations made to the President with regard to release of classified information, and other prior investigations are eroding executive privilege and whether that is something that is important to try to keep so we can pass on to future executives, or do you think it is worthwhile to sacrifice that on, as I say, the altar of political gain?

Attorney General MEESE. Mr. Courter, I share your concern about this whole matter of executive privilege. I am aware of Mr. Liman's learned paper on the subject, and I think it is a consideration that has to be taken into account.

This is, of course, one of those issues in which there is a great deal of balancing has to go into the decisions that are made.

In this case, I think the President did two things, and many of us who talked with him about it, some more closely than I on this particular issue, people in the White House Counsel's Office and so on, assisted him in making two decisions.

One is he did not want to, as you suggest, sacrifice the principle of executive privilege, particularly as far as future Presidents are concerned.

At the same time, he determined that it was important so that the American people would have confidence in the institutions of government, particularly the Executive Branch, that there be full disclosure in this particular matter.

And very carefully, I think, limited the waiver of executive privilege to this particular issue and made it clear that he did not view this as a precedent for future presidents or even for himself in similar situations as to other issues, but I share your concern.

This is a very delicate area of the law that has to—where a President has a real responsibility to preserve the institution of the presidency and the intended privileges of the executive.

Mr. COURTER. My concern is that it is not really up to the President, this President, to say that it is not going to be a precedent. A precedent is a precedent because of what happens, not because someone says it is not. I am concerned about it. I hope this committee is as well.

Finally, my time is up, but I would like you to comment—it goes very quickly, believe me. I think it was the Secretary of State, George Shultz, who indicated that he had a recommendation. That would be that intelligence-gathering agencies do not participate in policy recommendations.

Do you share that?

Attorney General MEESE. I think that I would share the view that intelligence-gathering agencies should not participate in policy decisions. I think their technical information is necessary to the decisionmakers, but I agree that they should not participate in the decisionmaking process per se.

Mr. COURTER. How about recommendations?

Attorney General MEESE. I think recommendations would be appropriate from intelligence agencies because they are the ones that have the technical details to know what should be contained in the recommendation.

Mr. COURTER. I thank you very much.

Thank you, Mr. Chairman.

Chairman INOUYE. I yield 30 seconds to the Vice Chairman of the Senate Select Committee.

Mr. RUDMAN. On behalf of the Senate counsel, I want to thank Mr. Courter for reading Mr. Liman's junior exposition at Harvard.

He advises me he was 21 when he wrote it, that this is the first time anyone probably read it, including the professor he wrote it for.

Mr. COURTER. I assume he was right then and he will admit that people should read it. I enjoyed reading it. I think it is important that they do.

Chairman INOUYE. He has matured in the last 33 years.

Chairman HAMILTON. Mr. Stokes.

Mr. STOKES. Thank you, Mr. Chairman.

Mr. Attorney General, listening to your testimony over the last 2 days, it is obvious to me that Director Casey was a man for whom you had tremendous respect. He was a man whom you knew very well, you worked very closely with. And obviously from your testimony, he was a man of great integrity.

Knowing everything that you now know about this case, including conversations you had with Mr. North about it and your interviews with him, do you believe that Director Casey devised a so-called fall guy plan under which Colonel North was to be the fall guy and the one, so to speak, to take the hit?

Do you believe that?

Attorney General MEESE. Again, Mr. Stokes, I condition my answer only on the fact that I have not heard the testimony that you and the members of the committee have. But that to me would be uncharacteristic of Mr. Casey based upon my knowledge of him.

Mr. STOKES. Now, I want to ask you also with reference to Director Casey if you can conceive of him, knowing his relationship to the President of the United States, knowing the role he has played in the President's campaigns and his affection for the President, his high regard for him, if you can see him encouraging Colonel North to divert these funds from Iran without the President's approval?

Attorney General MEESE. It would be hard for me to imagine that occurring, based upon what I know of Mr. Casey, including what I believe would be his appreciation of the tremendous dangers of doing that to policies he thought were very important as well as to the legal and ethical aspects of it.

Mr. STOKES. Mr. Attorney General, yesterday you told us that if you had been asked, that you would advise strongly against the use of excess proceeds from the Iranian arms sales for the Contras.

Would you have objected on legal grounds?

Attorney General MEESE. Yes, sir. I would have objected on legal grounds, policy grounds, and also practical grounds.

Mr. STOKES. Exhibit 3, which you have there, on page 3, lists your telephone calls for Wednesday, November 26th, 1986. The first one listed is a 7:00 a.m. call from Director Casey which, if I read my copy of it here correctly, was completed at around 8:00 a.m.

It appears that you must have talked for about an hour.

Do you have that? I think it is on page 3 of exhibit 3.

Attorney General MEESE. What this means is that Mr. Casey called me at 7:00 o'clock, but I didn't get back to him until 8:00 o'clock in the morning.

In other words, it was completed—it was at 8:00 o'clock.

Mr. STOKES. Completed means you got back to him at 8:00 o'clock?

Attorney General **Meese**. It wasn't an hour conversation.

Mr. **Stokes**. How long did you talk on that occasion?

Attorney General **Meese**. I have no idea. I have no recollection of the call at all.

Mr. **Stokes**. No recollection of the subject matter of the call?

Attorney General **Meese**. No, sir.

Mr. **Stokes**. Mr. Attorney General, this morning in response to Senator Rudman's questions, you said that you were not aware of the operational role of the DEA agents in locating and extricating the hostages in Lebanon; do you recall that?

Attorney General **Meese**. Yes, sir.

Mr. **Stokes**. Now, also when you testified before the House Judiciary Committee, you testified that you were not aware of a plan to use private money to bribe people in foreign countries.

You recall that testimony?

Attorney General **Meese**. I believe the testimony was that I was not aware of a plan to use private funds to ransom people in foreign countries. I believe it was the word ransom.

Mr. **Stokes**. All right. We will accept that.

I want now to direct your attention to exhibit 2 which is an NSC memorandum drafted by Oliver North some time around May or June 1985 that reads in part: "Once contact has been established and a meeting arranged, two DEA officers would depart for Cyprus via a European city where they would deposit $200,000 and establish an account for the $2 million—$500,000 of which will be available immediately in U.S. dollars cash for use in Lebanon."

The memo goes on then to explain how the bribes will be paid and transportation for the hostages arranged.

The next page explains the DEA officers will rent a safe house and as soon as the hostages are released, the remaining $1.5 million made available by the donor will be released.

The financing of the operation is described as follows: "Travel arrangements and operation costs are currently being financed from funds from private sources."

Mr. Attorney General, this memorandum from which I have just read was provided to us from your files.

My question is, is it still your position that you did not know the operational activities of these DEA agents or of the fact that this operation was financed from private money?

Attorney General **Meese**. Mr. Stokes, I am a little bit constrained, as I mentioned earlier, about doing too much talking about this because there are still activities going on in which this information may be relevant.

Let me only say this: that the statement that I made earlier not knowing about operational activities DEA agents would still stand and nothing that I know in this memo that DEA agents would do would be operational.

It would be intelligence and support activities. It would not be operational activities within my definition of operational activities.

Mr. **Stokes**. Well, DEA agents do not become involved in intelligence activities in other countries, do they?

Attorney General **Meese**. Oh, yes. They become involved in intelligence activities relating to narcotics certainly.

Mr. **Stokes**. Yes, but in non-narcotic matters?

Attorney General MEESE. Only in exceptional circumstances such as this. They do not get involved in normal espionage, counterintelligence, foreign espionage or the type of things that would be done by the Central Intelligence Agency.

This was an unusual situation in which permission was sought to use assets of the DEA in attempt to assist in release of hostages and since this was a major priority of the administration, it was the judgment of both the Administrator of the DEA and myself that assistance should be provided within the general parameters that DEA agents would not be involved in operational activities.

Mr. STOKES. Is it proper to finance the expenses of U.S. Government agents with private funds?

Attorney General MEESE. Actually, I am not sure. It would depend on the circumstances, and I am not sure of all the circumstances that are involved here.

As a general rule, our DEA agents are financed usually by—directly by appropriated funds, although many of the activities that our DEA agents are involved in are ultimately financed by the funds of the drug traffickers themselves because we usually confiscate funds, again we are getting into some very classified areas, but for the most part private funds are not used in their financing.

Mr. STOKES. Let's turn for a moment to exhibit 3, Mr. Attorney General.

Your telephone log reflects three telephone calls from Ross Perot, the private donor of the funds used to pay off these foreigners.

My question is did Mr. Perot tell you that he had donated this money for this purpose?

Attorney General MEESE. I don't believe I ever had had—I don't recall any conversations with Mr. Perot on that subject or anything relating to that matter. I was talking with Mr. Perot on another matter which was of considerable difference and which is also a classified matter.

Mr. STOKES. Was the President of the United States briefed about this operation that we are talking about?

Attorney General MEESE. I believe he was by NSC staff members. I can't tell you for sure.

Mr. STOKES. You are not?

Attorney General MEESE. We are talking now about the activities that included some DEA support and assistance in attempting to obtain the release of hostages?

Mr. STOKES. That is correct.

Attorney General MEESE. I believe that he was.

Mr. STOKES. Do you think it was by some NSC personnel?

Attorney General MEESE. That is my understanding.

Mr. STOKES. At no time did you brief him on it?

Attorney General MEESE. I did not brief him. It may have been discussed with me or in my presence with him, but I can't recall it.

Mr. STOKES. Directing your attention to exhibit 4, which is a letter from the President to Ross Perot on January 11, 1986, in which the President says he has been briefed on Mr. Perot's efforts and thanking him for his discreet assistance in this regard. Do you know the purpose for which the President sent this letter?

Attorney General MEESE. I had not seen this letter until it was shown to me or referred to in preparation for these hearings. I don't know the purpose or the details of the letter.

I can speculate, but I have no personal knowledge.

Mr. STOKES. Did you want to speculate?

Attorney General MEESE. No.

Mr. STOKES. Did you say no?

Attorney General MEESE. I said no. Thank you for the opportunity.

Mr. STOKES. Mr. Attorney General, you appeared before the House Intelligence Committee on December 19, 1986, at which time I asked you some questions about discussions at the White House concerning immunity or pardon for Poindexter and North.

Do you recall that?

Attorney General MEESE. Yes, sir.

Mr. STOKES. That testimony has not yet been declassified, so I won't refer to it. I will just ask you the questions again that we talked about at that time.

On December 16, 1986, were you involved in discussions at the White House concerning immunity for North or Poindexter or both and will you tell us what was said and by whom?

Attorney General MEESE. It is hard to answer these questions again without having the opportunity to look at my testimony before the committee at that time.

Mr. STOKES. We have it here if you would like.

Attorney General MEESE. I would like to see it if I may—all right, yes.

Mr. STOKES. OK. The question is, can you tell us what was said and by whom at that time?

Attorney General MEESE. As I recall, that there was consideration being given at the White House to develop a way in which the information that Admiral Poindexter and Colonel North had might be brought to the attention of the American people primarily to eliminate any doubts that might be extant about the President's knowledge or participation in the diversion, and at that time it was particularly about immunity, although I don't recall pardon being considered, but if it was, it was only considered in the context of pardon or immunity as being used to accomplish the same result.

As I mentioned earlier, at that time I was asked to read a statement that had been prepared, I believe, by White House counsel. I read the statement, made some suggestions that would be a more correct statement of the law regarding immunity.

I indicated also that anything that was done along that line should be coordinated with the independent counsel, and I'm not positive I don't think the independent counsel had been appointed at that time; I think it was appointed a day later or so.

Also I participated in a general discussion as to the way immunity worked, the difference between transactional immunity and use immunity and so on.

Mr. STOKES. Can you tell us Mr. Attorney General, who else was present at that meeting?

Attorney General MEESE. I believe that it included Mr. Wallison, who was the White House Counsel at that time; I believe Mr.

Regan, who was then the White House Chief of Staff; I believe at least part of the time the President was present when the discussion was being held or it was being held in his office.

There may have been others.

Mr. STOKES. Can you recall on this occasion or any subsequent occasion where you have given the President any advice with reference to a pardon involving either Colonel North or Admiral Poindexter?

Attorney General MEESE. I don't believe I have ever discussed—I can't recall at least discussing that with the President nor recall him asking me about a pardon as such.

As I say, the only possible reference that might have been to a pardon had to do with essentially the immunity aspects that were being discussed on the 16th of December.

Mr. STOKES. In another area, Mr. Attorney General, I want to be certain I understand your statement of yesterday concerning exhibit 69, a December 17 memorandum written by Mr. Charles Cooper to you.

You were asked whether you agree with the conclusions of this memorandum and you said that you did with a caveat, and I didn't quite understand what you mean by a caveat, and my question is what was that caveat?

Attorney General MEESE. The caveat was that the conclusion that is found on page 18 of the memorandum which states for the foregoing reason, and then they give some conclusions, is modified by the initial assumptions that said this memorandum responds to your request for a summary of the legal authorities. Because the exact details of the transfers have apparently not completely transpired, this memorandum will provide a general framework for analysis with reference only to the basic facts that have already emerged.

In other words, this is not meant to be a definitive memorandum on a specific set of facts, but a general memorandum using as assumptions the known facts about the covert arms transfers.

Mr. STOKES. Just one other question with reference to that same conclusion that you've referred to, the sentence reads as follows: "An oral authorization by the President would have sufficed to allow CIA participation under the Hughes-Ryan amendment."

I suppose they are making reference to an oral Finding. So my question would be, is it your view that the President can make oral Findings that need not be reduced to writing?

Attorney General MEESE. He can make oral Findings because the law only requires that he find that something is in the national security interests of the United States so obviously the letter of the law permits an oral Finding. It is not something that I would recommend or have ever recommended to the President because I believe that a memorialization of his finding is absolutely necessary in order to provide a record.

Mr. STOKES. Thank you, Mr. Attorney General.

Attorney General MEESE. Thank you, Mr. Stokes.

Chairman INOUYE. Senator Hatch.

Mr. HATCH. Thank you, Mr. Chairman. Mr. Attorney General, I am impressed by the fact that when you first learned of the diversion of funds you and the President reacted immediately, it seems to me, with a plan to go public with the news. As I listen to your testimony, it appears to me that the President's initial and consistent response throughout has been to tell the American people what happened; is that correct?

Attorney General **Meese**. Yes, sir; it is.

Mr. **Hatch**. In early November, apparently the President was of the view that the press should not be given too much or too many specifics about the Iranian initiatives. Is it accurate to say that he was motivated by a hope that more hostages would be freed and that premature disclosure of specific details might jeopardize that possibility as well as jeopardize the second-channel Iranians and place both them and the hostages at serious risk?

Attorney General **Meese**. Yes, sir, that was his concern at the time.

Mr. **Hatch**. As I understand it, the original deal proposed by the Israelis in early January, 1986, was for the Israelis to sell the arms to Iran. What the Israelis wanted from us was an assurance that we would replenish their supplies. When were you told of this original plan?

Attorney General **Meese**. I was told of that plan that I specifically recall on the 7th of January, 1986.

Mr. **Hatch**. Whose idea was it to change the plan and to have us sell the arms directly to Iran under the National Security Act?

For instance, in his testimony, John Poindexter, Admiral Poindexter suggested that you were the person who suggested that change. Could you tell us the genesis of that change?

Attorney General **Meese**. To the best of my recollection, it came as a result of a conversation in which I believe Director Casey, Mr. Sporkin, then the general counsel of the Central Intelligence Agency, myself, Admiral Poindexter, possibly Secretary Weinberger, there may have been others participating, and at that time I remember being presented with a—or in the discussion, a variety of alternatives were presented. The plan suggested by the Israelis that you referred to, the idea of using an international arms merchant and the idea of using the CIA directly involved in the arms transfer.

I believe it was probably—I don't know to what extent it came from Mr. Sporkin or could have come from Director Casey, but the fact that the National Security Act provided specific authorization for the CIA to carry out a mission such as this, I think gave to all of us who were participating, at least the lawyers participating, the feeling that that would be a way of carrying out the mission that was more consistent with the language of the National Security Act.

Mr. **Hatch**. Whose idea was it to not tell Congress about the initiative?

Attorney General **Meese**. My recollection is that that was in the plan originally suggested by either Admiral Poindexter or Director Casey, suggested by the two of them, and that either it was Admiral Poindexter or Director Casey who had mentioned that on the 7th of January, 1986.

Mr. **Hatch**. As you read the statute, and I'm speaking specifically about the Hughes-Ryan amendment to the National Security Act, did you find a constitutional basis for the provision that allowed the President to withhold prior notice to Congress in special cases?

Attorney General MEESE. Yes, sir, I did. Both the language of the Act, which says that whatever was being enacted there was consistent with the constitutional duties and responsibilities of the President, and secondly, with the subdivision (b) of section 501, which has to do with, if prior notification is not provided, then timely notification should be provided.

Mr. HATCH. That's the way I read it also. Based on your understanding of the Constitution, General Meese, do you feel it would be an unconstitutional intrusion into the President's responsibility to carry out the country's foreign policy if he were required in every case to give prior notice to the Congress of every action?

Attorney General MEESE. Yes, sir, I believe that that could be an unconstitutional limitation on the President's authority.

Mr. HATCH. As you know, General Meese, Congress has the power of the purse and the President is, to quote Chief Justice John Marshall, "the sole organ of foreign relations."

John Jay's 64th Federalist Paper explains why the framers gave the President the leading role. He stated this. He said that "perfect secrecy and immediate dispatch are sometimes requisite. There are times where the most useful intelligence may be obtained if the persons possessing it can be relieved from the apprehensions of discovery. There are countless many who would rely on the secrecy of the President but who would not confide in that of the Senate." That was John Jay in the Federalist Papers. I think that quote is particularly applicable here but it is also clear that the Congress is not required to appropriate the funds exactly as the President wants them appropriated. So there has to be a balance.

As Henry Kissinger commented in an article I just read yesterday, an op-ed piece, sometimes we dwell too much on the checks and not enough on the balances that are contemplated in the Constitution.

So looking back on the Iran-Contra events, what can we learn about the proper constitutional balance between the executive and the legislative branches of government in foreign affairs?

Attorney General MEESE. Well, Senator, I think, as you've suggested, there has to be a certain flexibility in what the President is able to do and the reporting requirements, to the extent that they are valid, on what he is doing so that he has the ability to carry out foreign policy and national security policy, particularly in those very sensitive areas where the lives of Americans overseas are at stake.

At the same time, I think the power of the purse is one that does belong to the Congress, as you point out, and the best way of achieving a balance, as you mentioned, is to have procedures worked out such as some of those we discussed earlier, where a President in normal situations will confide in the Congress and obtain their support for his activities, but at the same time have the flexibility in unusual, rare occasions where such consultation or such notification has to be delayed in order to achieve some other national interest.

Mr. HATCH. Finally, I would like to read something that Attorney General Robert Jackson, who later became a Justice on the

U.S. Supreme Court, said back in 1940 about the power of the Federal prosecutor. He said, "If the prosecutor is obliged to choose his cases, it follows that he can choose his defendants. Therein is the most dangerous power of the prosecutor, that he will pick people that he thinks he should get rather than pick cases that need to be prosecuted. With the law books filled with a great assortment of crimes, a prosecutor stands a fair chance of finding at least a technical violation of some Act on the part of almost anyone. In such a case, it is not a question of discovering the commission of a crime and then looking for the man who has committed it, it is a question of picking the man and then searching the law books or putting investigators to work to pin some offense on him. It is in this realm in which the prosecutor picks some person whom he dislikes or desires to embarrass or selects some group of unpopular persons and then looks for an offense that the greatest danger of abuse of prosecuting power lies. It is here that law enforcement becomes personal, and the real crime becomes that of being unpopular with the predominant or governing group, being attached to the wrong political views or being personally obnoxious to or in the way of the prosecutor himself." I think that is a pretty interesting quote. I think it applied then in 1940 on April 1st and it applies today and it certainly applies in this instance.

In a sense, that quote seems to me to apply to our inquiry here and of course to the independent counsel. As the Nation's chief law enforcement officer, do you have any comment on what Justice Jackson, then Mr. Attorney General Jackson, had to say?

Attorney General **MEESE**. Yes, Senator, I certainly concur with the sentiments that he expressed. I have a very high regard for Mr. Jackson in general, but particularly in view of what he says there and the power of the prosecutor and the necessity of using that power in a very legitimate and proper way to see that justice is done, rather than to vent personal prejudices or personal interests, is something about which I talk to each training class of entering assistant U.S. attorneys and new lawyers who come to the Department of Justice.

Mr. **HATCH**. I commend you for doing that. I think it applies here. I think it does point out maybe some of the difficulties that independent counsels face, because with all the expense and all the months gone by, all the hundreds of thousands of documents, all the people on the payroll, some might feel that they just have to prosecute somebody.

In this particular case, I have to admit there were things wrong, things that can be criticized, things that certainly were errors in judgment, but it struck me very interestingly how difficult it is, unless you just go to what really are catch-all provisions of the law, to find out whether the law has been violated here.

Your efforts and those of your team of lawyers have been scrutinized throughout this process and they have been attacked with the benefit of perfect hindsight. When I look back on your work and the very short time that you had to gather the facts, and when I compare the vast resources this committee has and the independent counsel has and the hours that have been put in and spent by this committee investigating the same facts, we have spent more time in public testimony with a single witness than you had to complete that whole investigation back then, really, your initial inquiry.

Now, when I look at all that, I am impressed with how much you were able to accomplish with your team of lawyers from the Justice Department and how well your initial Findings have really stood up, because, as you have said, the basic Findings you found then are the basic Findings that propelled this investigation forward, and which we found after 7 or 8 months with hundreds of thousands of documents, countless investigative and analytical hours being put in, and of course the benefit of perfect hindsight, so I just want to say this, I want to thank you for your testimony. I think you have stood up well. You have made a good witness, and I think you have made it pretty clear that it is a tough position to be Attorney General of the United States, and I think the American people probably appreciate that more than ever at this particular time.

Thank you, sir.

I used about half my time, so I turn back the rest to the committee.

Attorney General **Meese**. Thank you, Senator.

Chairman **Inouye**. Thank you very much.

Mr. Attorney General, apparently my hope that we would be out of here by 6:30 will not be fulfilled. We have approximately 2 hours remaining if all members decide to use their time.

My question to you, sir: Would you like to have a recess at this moment or shall we just plug along?

Attorney General **Meese**. Mr. Chairman, I would prefer just to continue. I'll be happy to stay here as long as the committee wishes.

Chairman **Inouye**. Fine, sir. Thank you.

Chairmen **Hamilton**. Mr. Aspin.

Mr. **Aspin**. Thank you, Mr. Chairman.

Mr. Attorney General, let me just go back over one thing. I am kind of intrigued by the question that Mr. Stokes raised about Mr. North being the fall guy.

And I was looking at your testimony, at the transcript of your press conference the time you announced the diversion and laid it out, and as you have said, there are a lot of points in it at which you put in a lot of qualifiers and other things, saying we didn't know and we weren't sure, but on the part about who knew and what they knew you were pretty firm at that point.

I would like to just read the relevant passages. Here you are saying—here is the question: "General Meese, who in the NSC was aware that this extra amount of money was being transferred to the so-called Contras, or under their control? Did Admiral Poindexter specifically know? Who else knew and did the CIA know? Was CIA Director Casey aware of this?"

Your answer was: "The only person in the U.S. Government that knew precisely about this, the only person was Lt. Col. North. Admiral Poindexter did know that something of this nature was occurring, but he did not look into it further."

"And what, if I could follow up, sir, what about CIA Director Casey?"

"CIA Director Casey, Secretary of State Shultz, Secretary of Defense Casper Weinberger, myself and other members of the NSC, none of us knew."

"When you say that Poindexter knew, do you mean that he approved of it?"

"No. Admiral Poindexter knew generally that something of this nature was happening. He did not know the details."

"Did he try to stop it, though?"

"I don't know precisely when he learned it. He knew of it sometime during the last year."

"But did he try to stop it, sir?"

"He did not try to stop it."

That is pretty definitive and pretty categorical. There is no "Well, we think at this point or we have some impression at this point." I take it from your subsequent testimony that this definitive opinion about what Admiral Poindexter knew or did not know, your testimony yesterday mainly, came from that brief meeting you had in his office; is that correct?

Attorney General **Meese**. That is correct. What I was relating there in the passage that you quoted was, first of all, what Lt. Col. North had told me about his own knowledge, and, secondly, what Admiral Poindexter had told me about his participation.

Mr. **Aspin**. But you went with a flat statement and you did not ask Admiral Poindexter the flat question, I take it, is what you are telling us? Your testimony yesterday, you said that you got from the conversation that he knew something about it but you didn't press him saying, "What did you know—how much did you know?"

Attorney General **Meese**. I got from him what he told me, which was all he told me at that time, that he knew about it, namely, that Colonel North had given him hints about what was going on so that he had a general knowledge and that he didn't follow up on that or do anything to stop it.

Mr. **Aspin**. I'm just kind of surprised that you went with such a flat statement at the press conference, given the kind of sketchy information that you had at that time.

Attorney General **Meese**. I felt it was important to tell all that we knew at that time so I related, I think almost verbatim, what Admiral Poindexter told me about his participation, and I related, again almost verbatim, what Colonel North had told me about his participation.

May I say——

Mr. **Aspin**. But without any qualifiers?

Attorney General **Meese**. Without any qualifiers, because that I did remember exactly what they had told me.

I might say also that there were qualifiers before and after that about our general state of knowledge which certainly applied to that, and furthermore what I was doing was talking about what people had said they had done. I was not attaching any evaluative content to it, as to whether they were guilty of crimes—whether it was proper or not proper——

Mr. **Aspin**. Did you ever follow up with Admiral Poindexter any other questions about—I mean when he resigned—you talked to him on the morning of the 25th and told him that it was time to resign?

Attorney General MEESE. I talked to him very briefly on the morning of the 25th, and I did not go into anything further of a substantive nature at that time.

Mr. ASPIN. According to your testimony, you told him that now was the time to resign?

Attorney General MEESE. I told him that I was sure his resignation was going to be requested and that it was time.

He had talked to me about that the previous day.

Mr. ASPIN. Did you relay your feelings about the case of Colonel North? Admiral Poindexter testified or said that you at that time said that Colonel North was not guilty of anything at that point. Do you remember that?

Attorney General MEESE. I don't recall specifically that, but I certainly may have said that because at that point we had made no evaluation of any criminal activity.

Mr. ASPIN. But the diversion then, in your mind, at that point was not a criminal activity?

Attorney General MEESE. We had not at that point established for sure, well at no time did we ever establish for sure that it was a criminal activity.

Mr. ASPIN. So at that point you did not believe that the diversion was a criminal activity; is that correct?

Attorney General MEESE. I didn't know that it was or certainly for sure. As a matter of fact, we were at that time in the process of examining to see whether there were any applicable laws, and that was going on late Monday night, and then it was further going on on Tuesday.

Mr. ASPIN. Why would Admiral Poindexter get the word from you that he should resign?

Attorney General MEESE. It was basically because the afternoon before when I was talking with him, he said to me, I knew when this started to come out—he said, I knew when I heard from Colonel North that if this came out I would probably have to resign, and he said, I trust you more than anybody else to——

Mr. ASPIN. To make that call?

Attorney General MEESE. Well, in general just trust him—trusted me for advice generally in the whole thing, and so I felt that the next morning that it was only fair that he hear from me what the probable consequences would be, because in a sense——

Mr. ASPIN. Why did you think that it was important for him to resign at that moment?

Attorney General MEESE. Well I think for several reasons. One is that there was no question in the Chief of Staff's mind at the White House that he would have to resign, and he ultimately had the primary responsibility to the President and also, in my mind, I didn't see how he could continue in view of this unauthorized activity having taken place under his watch, where he knew of it—just as he testified here and as the President said that day, he took the responsibility for it. He was unfortunately responsible.

I have very high regard for Admiral Poindexter as well as for Colonel North, both as individuals and for the fine job they did for the administration, and this whole matter, at that time particulaly and since, has been a matter of great sorrow to me.

Mr. **Aspin**. Let me lay out a theory. If I was a real cynic like Courter, not like I am, but like Courter, if I was just a cynic like Courter, I might put together the facts as I see them and come to the conclusion that you—I don't know whether you personally or Mr. Casey—somehow somebody was operating a plan A and plan B.

Plan A was we cannot tell a lie, Ollie did it. Plan B was we cannot tell a lie, John Poindexter did it.

Let me lay out the evidence for that. First of all is the nature of the investigation that you conducted and your very definitive statements here at the press conference. Second is the evidence of—that is, that John Poindexter did not reveal right away that he in fact had authorized the diversion and had not told the President.

The committee was very puzzled why John Poindexter didn't say that right away and avoid an awful lot of speculation over those months in the paper as to whether the President knew or didn't know. He didn't come forward right away, and I think it is because you all were operating plan A.

It is consistent with North's testimony before this committee that he was willing to take the political fall but not the legal fall. It is consistent with North's testimony of a conversation that he had with Bill Casey where he, North, said that he would be willing to be the fall guy if this ever came out and Casey remarked to him, well, you're probably not big enough—we would have to go probably higher to Poindexter.

It certainly is consistent with the fact that Poindexter was allowed to resign and North was fired. And it is consistent with the fact that you told Poindexter now—that it was now the time to resign. I think you were operating under plan A. And if plan A did not succeed—and it looks like plan B is—my question to you is, what was plan C?

Attorney General **Meese**. All of the imagination that you put into this is incorrect. There was no plan A, no plan B. I have no idea what plan C might be conjured up in your imagination.

Mr. **Aspin**. So you are not going to confess? No?

I have no more questions, Mr. Chairman.

Chairman **Inouye**. Senator Sarbanes.

Mr. **Sarbanes**. Thank you very much, Mr. Chairman.

General, I want to direct your attention to your opening statement. On page 2 of that statement, you say that the administration has thoroughly cooperated with the independent counsel and will continue to do so. You then state, as the concluding sentence, "It is imperative both in fairness to the independent counsel and to those individuals who have been involved in the Iran-Contra matter that its efforts not be prejudged or impeded."

I take it by that you would mean that any assertions, whether the independent counsel should or should not prosecute are really not appropriate? He should be allowed to do his job without receiving counsel from outside as to what decision he should reach? Is that the import of that sentence?

Attorney General **Meese**. Yes, Senator.

Mr. **Sarbanes**. Now, did I understand you earlier to say in response to Congressman Aspin that you continue to have a very high regard for Admiral Poindexter and Colonel North, that you said you had a high regard? You continue to do so?

Attorney General Meese. I have a high regard for both of those gentlemen, yes, sir.

Mr. Sarbanes. In light of some of the testimony that they gave to you which subsequently proved not to be correct or accurate?

Attorney General Meese. Senator, I think you have to look at an individual on the basis of all the things you know about them. I know about Colonel North, that he has an exemplary war record, a record of heroism, and that he worked very hard for the President and for things that he believed in for this country, that he has continually exhibited, in the time that I knew his work at the White House while I was there, a high degree of enthusiasm and at great personal sacrifice in terms of time with his family and other things.

I know that Admiral Poindexter is one of the finest men I have met, a man who has sacrificed a promotion, assignment in the Navy which would have, had he accepted it, gotten him away from the White House at a time when he might well have been the next chief of Naval operations or future chief of Naval operations. He sacrificed those opportunities to do what he thought was a task where he could better serve this President.

I think when you look at a person's record and some things have come out here that would tend to detract from those reputations, but in both cases, I think you have to look at the entire history and experience and background of the individuals, and I can say that I still have high regard for both of them.

Mr. Sarbanes. Recognizing the things you have commented about, do you think they leveled with you in full in the course of the factual inquiry in which you were conducting?

Attorney General Meese. This is a difficult question for me to answer for the reasons I stated to the chairman and others earlier, that I don't have the benefit of much of the testimony that has been given before this committee. I also don't think that it is my place, quite frankly, to sit in judgment upon them.

Mr. Sarbanes. When you met with Admiral Poindexter, I must tell you I still find it a puzzlement as to why you never interviewed him, in effect, over the course of your investigation, your inquiry beginning on the 21st of November.

You had an extended discussion with Colonel North, Secretary Shultz, the former National Security Adviser, McFarlane, but not with Admiral Poindexter. And while you have addressed that matter a number of times in your testimony, it is still a puzzlement to me how you could carry out this inquiry without a proper session with Admiral Poindexter, who, after all, was the National Security Adviser, and in the—the significant person in the chain of command.

Attorney General Meese. Senator, the reason was that we were planning, when we started out this whole matter, to interview Admiral Poindexter. The order of people that we took was primarily to get at those things that I had no knowledge whatsoever about, which were the incidents that took place during 1985.

During 1985, Admiral Poindexter, to the best of our knowledge, had very little to do with that because—with the Iranian initiative, because most of those activities, according to what we had been told, were undertaken by Mr. McFarlane and later on we learned by Colonel North. There is no doubt that had the diversion situation not been discovered, that we would have had an extensive interview with Admiral Poindexter as well.

Mr. **Sarbanes**. Well, why didn't the discovery of the diversion memo make it even more essential to have such a session with Admiral Poindexter?

Attorney General **Meese**. Because we looked at the people who were most knowledgeable. That was Colonel North. We got a complete outline from him as to what had occurred.

The point at which Admiral Poindexter came into that was not in how the whole transaction went forward, but how much he knew, what he knew, and those were the questions that I asked him.

Mr. **Sarbanes**. Now, Colonel North in your interview did not assert that he was doing the diversion on his own, did he?

Attorney General **Meese**. I don't believe that he asserted that he was doing it on his own. He told me that Admiral Poindexter knew about it.

Mr. **Sarbanes**. So Admiral Poindexter, who was next in command, above Colonel North, became a key player in that matter, did he not?

Attorney General **Meese**. Yes. Yes. That's why I talked with him.

Mr. **Sarbanes**. But only in passing, as I understand it?

Attorney General **Meese**. No. It wasn't in passing. It was for a very specific purpose, to find out what he knew, who he had told, and what his involvement was in this whole matter.

Mr. **Sarbanes**. That was on Monday?

Attorney General **Meese**. Yes, sir.

Mr. **Sarbanes**. You had one meeting with Admiral Poindexter on Monday the 21st?

Attorney General **Meese**. Right.

Mr. **Sarbanes**. And then on Tuesday morning, you summoned him to your office in order to tell him he was to be—he was to resign?

Attorney General **Meese**. I had heard from Secretary—from Mr. Regan that it was his feeling that Poindexter would have to resign that day and that he was going to recommend this to the President. I felt, for the reasons I mentioned, I believe, to Mr. Aspin, that just on the basis of the confidence that Admiral Poindexter had in me that I wanted to tell him that because of our conversation of the previous day.

Mr. **Sarbanes**. When you went to the President to say that you thought this job ought to be done, I take it that's how it originated; is that correct?

Attorney General **Meese**. I—we are now talking about Friday the 21st of November?

Mr. **Sarbanes**. Yes.

Attorney General **Meese**. At that time I told him I felt someone should put together a coherent account of all of the things that had transpired in regard to the Iranian initiative so there would be a factual overview on which we could depend for testimony and for public statements.

Mr. **Sarbanes**. But you went to the President with that idea?

Attorney General **Meese**. Yes, sir.

Mr. **Sarbanes**. Did you ever ask the President what he knew about the various matters in the course of carrying out your inquiry?

Attorney General **Meese**. No, I did not. At that stage, no.

Mr. **Sarbanes**. Did you at any stage before the press conference on the 25th of November?

Attorney General **Meese**. No, I didn't. Well, yes, I talked to him about this and learned that he knew nothing about this diversion, which was the main subject of the press conference on the 25th.

Mr. **Sarbanes**. Now, you said just a few minutes ago that another part of it that you were looking at was the—what occurred in 1985, which, as I understand, was one reason you placed such an importance on McFarlane's testimony rather than Poindexter's, since he was the National Security Adviser at that time.

Attorney General **Meese**. Yes.

Mr. **Sarbanes**. I take it that related to the November shipment amongst other things?

Attorney General **Meese**. There were two shipments in 1985, one of TOW missiles, 508 missiles, I believe in, I think, August or September, and then the HAWK missiles that were shipped in November of '85.

Mr. **Sarbanes**. Now, did you ask the President about his knowledge on either of those matters?

Attorney General **Meese**. No, sir, I did not. I'm sure we would have gotten into that later on, but as was already testified to today, as soon as we learned about the diversion, that changed entirely the focus of what we were discovering and what would be presented to the American people.

Mr. **Sarbanes**. Now, you didn't ask Admiral Poindexter about it either?

Attorney General **Meese**. No, sir.

Mr. **Sarbanes**. Although the testimony here has subsequently revealed that with respect to the November shipment, the President signed a Finding and Admiral Poindexter tore it up, which would have been highly relevant information for your inquiry, would it not?

Attorney General **Meese**. Yes, sir.

Mr. **Sarbanes**. When you—when did you find out that there had been a shipment to Iran in November of 1985?

Attorney General **Meese**. I believe I found it out in November of 1986.

Mr. **Sarbanes**. And when you found it out, did you find out it had been a shipment of arms?

Attorney General **Meese**. Well, initially I think the information I got was that it was first known to be a shipment of oil-drilling parts, but that later it was discovered that it was a shipment of arms.

Mr. **Sarbanes**. Now, when you interviewed Mr. McFarlane, he told you it was a shipment of oil-drilling parts; is that right?

Attorney General **Meese**. I think by that time, I think he told me that he had been told by Mr. Rabin that it was a shipment of oil-drilling parts.

Mr. **Sarbanes**. You testified yesterday at some length about being told that they were interrupted at the Geneva summit about this matter, that a phone call was placed to the Prime Minister of a friendly country to intervene for the shipment to go through. Did it strike you as strange that that kind of high-level intervention should have been necessary in order to move a shipment of oil-drilling parts?

Attorney General **Meese**. Senator, we were told either by Mr. McFarlane or Colonel North, or perhaps both, that Mr.—that the representative of Israel had indicated that this was a very important shipment that had to do with the—with a project in which the United States was interested, namely the Iranian initiative or the Iranian relationship that was going on at that time.

Mr. **Sarbanes**. It did not strike you as strange that you would be intervening with the Prime Minister of a country to move through oil-drilling equipment?

Attorney General **Meese**. At that time, I knew that these were arms. Mr. McFarlane indicated he had been told by Mr. Rabin that it was oil-drilling equipment. All I know is that he considered it important enough and a significant enough shipment that he felt that it was proper for him to intervene.

Mr. **Sarbanes**. You did not ask Mr. McFarlane that question?

Attorney General **Meese**. I don't recall asking him that question per se, no.

Mr. **Sarbanes**. Well, I find it very difficult, because Judge Sofaer, in his deposition—in fact, when he called Cooper in your department about the fact that this was—about the statement that was to appear in Casey's testimony that no one in the U.S. Government knew that the November shipment was HAWKs, as opposed to oil-drilling equipment, and he responded that the claim was impossible in light of what he knew to have been the conversation between the Secretary of State and McFarlane in November of 1985. And then he went on to say, "Yes, and I also thought it was untenable as a matter of logic that the CIA would not have reacted in the way that Casey's testimony indicated; that is, with a warning that they would not do this again. Generally the whole thing smelled to me like the kind of thing you see in a trial, and I presided over hundreds."

This is Judge Sofaer in his deposition. "In a narcotics case, for example, where they refer to the drugs as shirts or something like that. You always have some kind of phrase that you use to describe what you are selling when you don't want to talk about it directly."

"Question: And here it was oil-drilling equipment?

"Answer: Right. Oil-drilling bits."

Now did you have the same suspicion?

Attorney General **Meese**. Senator, I don't think I had the same suspicion in the same sense because I knew what was involved there. It was a matter of my finding out what people recalled, what their recollection was. As I was going through this, it was not a matter of cross-examining people at that stage or even trying to resolve conflicting accounts, but trying to find out what people did remember so that we could put these different pieces together. I think that obviously Mr. Sofaer at this stage, as I would with all the information that is now available, might have a very different view.

Mr. **Sarbanes**. Well, let me ask you a couple of follow-up questions on testimony that was given in the course of the day. At one point when it was—the question was put to you, "Why, when you met with Director Casey on Saturday night, the 22d of November, you did not raise with him the diversion which you had found out about about midday of that day through the discovery of the diversion memo by Mr. Reynolds?"

And you responded, amongst other things, and said, "Well, the committee would be criticizing me now had I told Casey for tipping him off," and it just prompts me to put the question to you: Was one of the reasons for not telling Casey that Saturday night to guard against such a danger?

Attorney General **Meese**. No. No. No, Senator. I had no idea at that time of any such danger, so to speak. It was just, as I mentioned earlier, the natural lawyer's instinct, I think, that you don't tell somebody about something, even someone as close a friend as Mr. Casey, until you know all the details when you are in the process if finding facts.

Mr. **Sarbanes**. Were you aware of the close relationship apparently between Director Casey and Colonel North?

Attorney General **Meese**. No, I was not. Not until I heard testimony here.

Mr. **Sarbanes**. Now, in response to Senator Mitchell earlier today, I think you indicated the view that the documents that Colonel North destroyed on Sunday night, late Sunday night, early Monday morning, from 11:00 p.m. to 4:00 a.m., were irrelevant.

Attorney General **Meese**. I didn't say they were irrelevant. I said they may have been irrelevant. I have no idea.

Mr. **Sarbanes**. A reasonable person could certainly proceed on the view that North, having had an interview with you at some length on Sunday afternoon, and then going to his office at 11:00 that night and engaged in extensive shredding until 4:00 in the morning, that pertinent documents might well have been shredded. That is not an unreasonable view to take, would you say?

Attorney General **Meese**. It is not an unreasonable view after the fact, learning those things, although I have—I think one of the things that we did know at that time was that we had been through the documents. Our people had been through the documents. They had, in fact, discovered this particular document that led to the discovery of the diversion.

Mr. **Sarbanes**. Of course, the diversion was an alarm bell, amongst other reasons, because the covert operation with respect to Iran was being done pursuant to a Presidential Finding, which you had been involved in preparing, as I understand it. In fact, I think the legal analysis came from you for the January 17 Finding, is that correct?

Attorney General **Meese**. No. I concurred in the legal analysis that was presented by General Counsel Sporkin.

Mr. **Sarbanes**. Well, I think General Counsel Sporkin gave us some testimony that indicates he was relying upon you. I mean each of you may have been relying on the other in that instance, but in any event, that Finding did not authorize taking the money from the transfer of arms to Iran and using them for the Contras. That is very clear, isn't it?

Attorney General **Meese**. That is correct.

Mr. **Sarbanes**. Is that the basis on which you became alarmed about that situation?

Attorney General **Meese**. I became alarmed on the basis that it was—that when I learned about the diversion of funds, that was certainly a far cry from what the President had authorized on the 7th of January and in the Finding of the 17th of January, 1986 and a far cry from my—from anything I had ever heard authorized by him.

Mr. **Sarbanes**. Finally, would you take the view that establishing a covert operation of the sort that North, Secord, and Hakim had set up outside of the channels of accountability is a totally unacceptable way to proceed?

Attorney General **Meese**. Yes, sir.

Mr. **Sarbanes**. Thank you, Mr. Chairman.

Chairman **Hamilton**. Mr. Boland?

Mr. **Boland**. Thank you, Mr. Chairman.

Mr. Attorney General, slowly, but imperceptibly, we are coming to the end of this day. You have testified that on November 21st of 1986, President Reagan instructed you to ascertain all the facts concerning the Iran arms transactions.

Since you were aware that this initiative was in your words rigidly compartmentalized, at what point in your investigative process did you plan to ask the President what he knew so that you could both assure yourself that you had a full account of what had transpired and check the accuracy of other information that you had received?

Attorney General **Meese**. It would have been after I had put together the information obtained from the other individuals who were involved.

Mr. **Boland**. When you informed the President of the diversion on November 24th, did he indicate to you what instructions, if any, he might have issued concerning the provision of military support to the Contras during the period between October 1st of 1984 and October 18 of 1986?

Attorney General **Meese**. No, sir. I don't believe that came up in the conversation.

Mr. **Boland**. Mr. McFarlane has testified that he brought the Israeli proposal to ship TOW missiles to Iran to President Reagan's attention in July of 1985, the TOW missiles, but that the President needed a few days to consider the proposal before he approved it.

Is it your testimony that during the time he was considering the Israeli proposal, he did not ask you for your legal or personal advice on it?

Attorney General **Meese**. That is correct.

I might also say there was probably a good reason for that. I think I was either in—well, I was not asked for my advice at any time, but probably even if he had wanted to, he couldn't because I was in Europe during most of that time.

Mr. **Boland**. I am interested in what was said between you, the President, the Vice President, and Donald Regan before Admiral Poindexter joined you in the Oval Office on November 25th of 1986.

What kind of a briefing did you provide for that group, absent Poindexter?

Attorney General MEESE. On the 25th of November 1986, this was at 9:00 o'clock in the morning, I believe—you recalled—I believe the Vice President was there.

I know Mr. Regan was there. I know the President and I were there.

I think at that time I don't believe I provided much of a briefing inasmuch as I had told the President and the Vice President the previous evening what I had found out. It was more a matter of discussing the action steps to be taken which included the appointment of the special review board, the termination of Mr.—Admiral Poindexter and Lt. Col. North as members of the White House staff, or the NSC staff, the convening of the National Security Council members to advise them, the convening of a meeting with the congressional leadership, and the holding of a news conference to announce this to the American people.

Those were the things we talked about on that morning.

Mr. BOLAND. Did you indicate to that group what Poindexter's knowledge was of the diversion?

Attorney General MEESE. I believe I talked to them about that the previous day, or at least I certainly had the President. I believe at least in summary form with the Vice President.

Mr. BOLAND. As I understand your testimony, in a meeting, you had several meetings. These would be between January 7 and the 17th of 1986, you attended with the President on the Iranian initiative. Mr. Reagan was insistent that no deals were to be made with any group holding hostages.

Secretary Shultz has testified that information available to him caused him to conclude that Iran had absolute control over the hostages.

To your knowledge, was that information made available to the President?

Attorney General MEESE. I have no knowledge that it was. At all times—and I was only in one meeting with the President on this subject in January of 1986. But at other meetings, even as late November of 1986, when this matter was discussed as to the Iranian influence or the extent of this control, I believe we were advised by Admiral Poindexter, it may have been others, that while the Iranians had influence over the—those who were holding the hostages, they did not have control over them.

Mr. BOLAND. You testified that your reading of the applicable law led you to conclude that a "short delay" of notification to Congress of the Iran arms sales was authorized. How do you believe that the duration of that short delay was to be defined? How would you define the short delay?

Attorney General MEESE. I would define the delay not really in terms of time, but in terms of the reason for the delay. The reason for the delay was the jeopardy to the hostages and also potentially to people in Iran if this should come out.

But particularly to the hostages, and it was established by the President that the delay would only be so long as the hostages continued to be held and that the notification would take place just as soon as the hostages were released and in the United States control.

Mr. Boland. In his testimony, Admiral Poindexter made clear his belief that had the President known about the diversion, he would have approved it.

Did your discussion of the diversion with the President on November 24th and 25th, 1986, support or rebut the admiral's contention?

Attorney General Meese. I believe that he President, had he been notified about it, would not have approved it.

Mr. Boland. On November 25th of 1986, the administration concluded that a criminal investigation of this matter was warranted. The committees have evidence indicating that there was no FBI search of White House files until November 28th.

What was the reason for that delay, from the 25th to the 28th?

Attorney General Meese. I have no knowledge of any reason for that delay. I do know, however, that the White House files had already been secured as of the 25th, I believe. At least I gave the order on that date to do it, concurrent with the commencement of the criminal investigation.

Mr. Boland. And what is your view of the legal standing of a Covert Action Finding that seeks to ratify already conducted covert operations?

Attorney General Meese. In my opinion, it does not have any effect because the law provides that the President make a Finding that something is in the national interest or the national security interests, depending upon the particular statute, and I think that clearly implies that the Finding be made prior to the commencement of the covert action.

Mr. Boland. Let me ask as a final question, did Reynolds and Richardson, and Cooper, and you have a nice meal at the Old Ebbitt on the 22d?

Attorney General Meese. Let me say, Mr. Boland, the meal was a lot better until they told me about the discovery of the memo and also that the Old Ebbitt has gotten a good deal of publicity out of these hearings, from what I understand.

Mr. Boland. Thank you very much.

Chairman Hamilton. Mr. DeWine.

Mr. DeWine. Thank you very much, Mr. Chairman.

Mr. Attorney General, thank you for your time. We are getting close, we're almost there, maybe we can all go eat at the Old Ebbitt in a minute.

You served as White House counsellor to the President. I don't know if that is the official title. You were very, very close to the President of the United States from the time he was sworn in in January of 1981 until the time that you were sworn in as our Attorney General; is that correct?

Attorney General Meese. Yes, sir.

Mr. DeWine. And during that time you became very familiar with how the White House works?

Attorney General Meese. Yes, sir.

Mr. DeWine. Of course, you are very familiar with how Ronald Reagan works, as well, and you know him very well?

Attorney General Meese. Yes, sir.

Mr. **DeWine**. You know that when President Reagan has all the facts, that he handles the situation very well. That, in fact, when he has the facts, he is a strong and decisive leader; is that correct?

Attorney General **Meese**. Yes, sir.

Mr. **DeWine**. You also know that no President, no matter who he is, can function unless he has all the facts?

Attorney General **Meese**. That is correct.

Mr. **DeWine**. Now, from your testimony, you described that night when the President—I believe it was on the 19th of November—the President had that press conference. You described driving home, having your car radio on, listening to part of the press conference. Then you got home and went in the house.

I believe you told us your wife had the press conference on TV, so you watched the rest of it at that time; is that correct?

Attorney General **Meese**. Yes, sir.

Mr. **DeWine**. After watching that, based upon the testimony that you have already given to us, you knew there was a problem, did you not?

Attorney General **Meese**. Yes, sir.

Mr. **DeWine**. You knew that obviously the President of the United States did not have all the facts that night?

Attorney General **Meese**. It certainly appeared that way from the press conference.

Mr. **DeWine**. It was clear there was a problem. It was clear that Admiral Poindexter and Donald Regan for some reason were not getting the essential facts to the President of the United States; isn't that true?

Attorney General **Meese**. Well, I don't know who was responsible, but I did know that the President did not appear to be in possession of a lot of facts that I felt he should have known at the time.

Mr. **DeWine**. You have been very kind for these 2 days. I know you don't want to criticize anybody. I am not going in any way to try to twist your arm to do that.

But they were the critical advisers to the President during that time? We are talking about the Chief of Staff, Donald Regan, and talking about the National Security Adviser; isn't that true?

Attorney General **Meese**. They were obviously principal advisers to the President. There are a lot of things that go into briefings for press conferences. So——

Mr. **DeWine**. All right. I'll let you——

Attorney General **Meese**. I wouldn't try to pin it on any one person. I think it was the situation that concerned me, rather than any individuals.

Mr. **DeWine**. As a consequence of the President not having all the facts, frankly the American people were confused. And that was tragic, was it not? Because this President, when he has all the facts, is not detached and evasive, he is engaged and forceful, isn't he?

Attorney General **Meese**. Yes, sir, he is.

What was particularly of concern to me was this was an issue of major proportions and major public interest and also an issue which people for political purposes could severely damage the administration, so it had a lot of reasons why it was important to get accurate facts out to the public immediately.

Mr. DEWINE. After you realized some of the President's closest advisers were for any number of reasons apparently ill-serving him, you took it upon yourself at that time to go to the President and ask him for specific authority to discover the facts, did you not?

I believe what you said was "Either I can do it or somebody else can do it, but somebody has got to get the facts out."

Attorney General MEESE. I didn't feel anybody was ill-serving him in that sense when I went to him on Friday. I was rather concerned that because of the way this whole thing had occurred, that different people had different recollections—that seemed pretty clear to me—and that it was necessary to get a total factual overview.

Mr. DEWINE. So when you went to him and you got that authorization—now, over the course of the next few days, you discovered, according to my notes, at least the following: number one, a diversion of funds to the Contras from the sale of arms to Iran; two, that three people in the U.S. Government—North, Poindexter, and McFarlane—knew about the diversion; three, that the U.S. Government officials were assisting the Contras with diverted funds; and, finally, number four, that the President of the United States, Ronald Reagan, did not authorize, nor did he know of, that diversion.

Would you agree that those were four essential facts that in a very, very brief period of time, relatively brief period of time, you were able to find out?

Attorney General MEESE. Yes, sir, that is correct.

Mr. DEWINE. What did you do with that essential information once you had it?

Attorney General MEESE. I presented that information to the President.

Mr. DEWINE. And what did the President then do, the first thing he did?

Attorney General MEESE. Well, the President determined that this should be made public. The President also determined that he wanted to take steps to make sure that it did not reoccur. He also wanted to be sure that the people who had been responsible for this were removed from the White House staff, and that the Congress and others in the administration were notified, as well as the American public.

Mr. DEWINE. That ultimately resulted, then, in the press conference, several people leaving the administration, and then finally the Tower Commission; is that correct?

Attorney General MEESE. Yes, sir. All of that was planned essentially on the morning of the 25th of November and then implemented immediately thereafter.

Mr. DEWINE. What did you do then and what did the President do about any possible violations of law?

Attorney General MEESE. Well, as already mentioned, I told him that I would be convening a criminal investigation, or would probably convene a criminal investigation, as soon as I received information from our Criminal Division that there was reason to.

We did that on the afternoon of the 25th and then, based upon information provided to me by the Criminal Division that there were adequate legal and factual predicates, I requested the appointment of an independent counsel during the week of the 1st of December.

The actual request went forward on the 4th, although I had announced publicly on the 2d that we would be doing so.

Mr. DEWINE. Finally, the Congress in its proper role passed a resolution which created this committee—these two committees actually. How did the President react to that resolution and the fact that this committee has been established—the Senate Committee has been established and the House Committee?

Attorney General MEESE. The President ordered all members of the Executive Branch to cooperate fully with the committees.

Mr. DEWINE. Mr. Attorney General, I'm not going to take all of my time. Let me just say in closing that those 6 days—and that is stretching it, because it is actually portions, by my calculations, portions of 5 days—had to be unbelievably eventful for you. I don't know how you got everything done that you testified that you did. I'm sure you did, but it had to be an unbelievably stressful period of time. You got a lot done.

But it was also an extraordinarily important time for this country. You have been criticized and you are going to continue to be criticized, I am sure, for moving too slow. Some people have criticized you for moving too fast. Some people said you didn't have the right players in.

My first reaction, frankly, after I heard it was a little critical myself.

I would echo what several of my colleagues have said. It would seem that maybe if you had gotten, that last day, got Poindexter and North in there, got them in a room with the President, we could have gotten all the facts out and avoided some of this.

I listened this morning to your explanation of that. It seems to me to be a logical explanation.

Mr. DEWINE. But hindsight, I guess, also could say, and I am sure that you would agree at this point that if you had it to do over again, you would have sealed those offices and that is looking back, and we see that the shredding occurred and it did, in fact, take place.

But it seems to me, and this is from one former prosecutor to another former prosecutor, the bottom line is this: you got the job done. You got the facts, the essential facts to the President of the United States.

Your investigation, factfinding mission, whatever you want to call it, may not have been perfect, it may not even have been pretty, but it was a win.

You got the job done. You did what you had to do.

In conclusion, let me just say that in this Congressman's opinion, you did not get between the President and the American people.

You did not allow others to come between you and the President. You didn't leave the game when the score was against you. And that is this man's opinion.

You had, Mr. Attorney General, the good judgment to play to our strength.

While others took him out, you had the foresight to put Ronald Reagan back in the game.

Thank you for your testimony.

Thank you very much, Mr. Chairman.

Attorney General **Meese**. Thank you, Mr. DeWine.

Chairman **Hamilton**. Mr. Jenkins.

Mr. **Jenkins**. Thank you, Mr. Chairman.

Mr. Attorney General, I only have a couple of questions 'cause I think every question has already been asked.

I guess the thing that concerns me more than anything else is how important decisions are made by the National Security Council.

I understand that the Security Council can't make a decision if you don't know about some action that is being taken, but at the time that you rightly decided to get the facts straight on the 21st I guess it was, Friday, November the 21st, you were just concerned about the 1985 shipments and the discrepancies in the statements that had been made about the 1985 shipments; is that correct?

Attorney General **Meese**. Well, we were interested in putting together the facts about the entire Iranian initiative, including the incidents that had taken place in 1985, but that was the primary area in which there was much less apparent knowledge and documentation.

Mr. **Jenkins**. And when you called Mr.—Admiral Poindexter at 9:20 in the morning to set up a meeting with the President, you went with Admiral Poindexter and took Mr. Regan with you to see the President?

Attorney General **Meese**. Yes, sir.

Mr. **Jenkins**. And according to the, I guess it is your schedule, you must have spent 45 minutes maybe with the President at that time?

Attorney General **Meese**. I believe we spent—this is on the 21st—I believe we spent about 20 to 25 minutes with him.

Mr. **Jenkins**. What did you tell the President that the real problem was of the 1985——

Attorney General **Meese**. I told the President that it appeared that different people had different recollections of what had occurred or partial information as to what had occurred and that no one seemed to have a complete account of what had happened, and as a result there seemed to be differences of opinion as to what actually had occurred.

Mr. **Jenkins**. And, of course, I would assume at that time you informed him that you didn't know anything about the 1985 shipments yourself, individually?

Attorney General **Meese**. I am not sure whether that came up specifically, but certainly I did not, other than what I had heard, of course, in the preceding few days.

Mr. **Jenkins**. In trying to help you and—the President didn't say "I signed a Finding for the 1985 shipments"?

Attorney General **Meese**. No, that was the kind of thing that I would be developing in the course of this factfinding inquiry would be things like Findings or anything else that occurred.

Mr. **Jenkins**. It would appear to me that it would have been normal for the President to volunteer that he had signed a Finding back in 1985.

Attorney General **Meese**. I don't think we went into any of those kinds of details of the particular transactions.

Mr. **Jenkins**. Admiral Poindexter, who had the Finding in his possession, did not volunteer any information at that time?

Attorney General **Meese**. No, sir, he did not.

Mr. **Jenkins**. Looking back on it, does that seem unusual to you?

Attorney General **Meese**. Yes, sir, it does.

Mr. **Jenkins**. I think that type of lack of being forthcoming is the same thing that bothers the committee.

For what little time I have, I want to turn to exhibit 47, which is the—which are the notes of the interview of Colonel North, and I know that inferences can be drawn that are sometimes, inferences are wrong, and I want to ask you about a couple of statements that Colonel North gave you during this interview.

First of all, did Colonel North keep insisting to you that this was entirely an Israeli operation?

Attorney General **Meese**. I believe he indicated to me that it was an Israeli proposal initially, but that the United States agreed to participate in it and to replenish the weapons and otherwise participate in it, and in effect adopted this or adopted a participation in it.

Mr. **Jenkins**. Did he state to you that it was his idea to continue the operation or was he saying that it was entirely an Israeli—it appears to me, from looking at the notes and from your press statement that you made subsequent to this, that you were contending at the press conference that this was an Israeli operation and that we had some knowledge of it.

Attorney General **Meese**. No, I think there was no question about United States participation, but in '85 it was primarily the relationship, the transactions between—that took place were between Israel and Iran, and the United States role was in replenishing arms for Israel, but there was no question in my mind that at least after the fact we had condoned the shipments, and there was some confusion, some differences of information we received as exactly what happened.

The things we did know was that the original idea came from the Israelis, or we had been told that, that the actual weapons shipments in '85 had been Israeli shipments, the United States had participated later by replenishing the weapons to Israel.

Mr. **Jenkins**. Please turn to page 13 so you might explain this portion of the notes, if you are on page 13. North believes—about the center of the page—"North believes that R.R. authorized it himself because 'M' "—McFarlane I am assuming—"wouldn't go off on his own."

Then down below, "North went to talk with R.R. . . . " with Reagan, "strategic relation, and with Ronald Reagan it always came back to the hostages drawn to the linkage. Terrible mistake to say that Ronald Reagan wanted the strategic relationship because Ronald Reagan wanted the hostages." What was he telling you at that point?

Attorney General **Meese**. He was saying that in his contacts with the President, the President's main focus was on freeing the hostages.

Mr. **Jenkins**. And at that point when he made that statement, I am assuming the next part is your statement——

Attorney General **Meese**. Right.

Mr. **Jenkins**. That "R.R. talked about both, not agreed to arms, add hostages." What did you mean by that?

Attorney General **Meese**. I told him that in my contacts, the meeting I had attended, he talked about both. This was about both the strategic relationship and the hostages. If it was just the relationship, I didn't think he would agree to the arms, and I am not sure what "add hostages" means.

Mr. **Jenkins**. But Colonel North was insisting that the President's primary concern was getting the hostages released; is that right?

Attorney General **Meese**. That was his comment, and I felt that that was incorrect, because I had heard the President talk in January of '86, and I had heard the President talk again on both the 10th of November, 1986, when he met with members of the National Security Council, and again on the—I believe the 13th of November, 1986, when he had talked with people in the congressional delegation.

Mr. **Jenkins**. So you were simply trying to straighten out Colonel North's belief——

Attorney General **Meese**. I apparently made that comment in the course of the discussion, yes.

Mr. **Jenkins**. Now, turn to page 19 and see if you can clarify—well, turn to page 18 first at the bottom of the page: "Question: What else like the Nicaraguan angle?

"Answer: Nothing."

And then on the top of the next page, "if this doesn't come out, only other is the November HAWKs deal. Think someone ought to step up and say this was authorized in November."

What does that mean, "someone ought to step up"?

Attorney General **Meese**. I think what it means is—I don't have a specific recollection, but from the notes, I would conclude that he said that he thought that somebody ought to come up and say that the November HAWK shipment was, in fact, authorized by the President.

Mr. **Jenkins**. Which it was.

Attorney General **Meese**. It was certainly in the signing of the Finding after the fact. Whether the President had authorized it before or not, I think this may be one of the things that the President indicated he can't remember exactly when it was authorized.

Mr. **Jenkins**. What does that sentence, "if this doesn't come out, the only other thing is the November HAWKs deal?"

Attorney General **Meese**. I don't have a recollection, but it looks to me like you might conclude that he was suggesting the diversion of funds not be made public or not come out.

Mr. **Jenkins**. That is the part that I was—that's the way I read it, too.

Attorney General **Meese**. Right.

Mr. **Jenkins**. Was he asking that you keep this quiet?

Attorney General **Meese**. I would conclude that. I don't recall that part of the conversation, but I certainly think that would be a fair conclusion here.

Mr. **Jenkins**. No one responded to him on the proposition to keep that quiet?

Attorney General **Meese**. I don't remember what was said at that time. I know in my own mind that was not a reasonable proposition.

I did say, it looks like from this again and I'm drawing conclusions here based on notes, that I have to share it with the President and see if he was aware of it.

Mr. **Jenkins**. To see if he was aware of the diversion?

Attorney General **Meese**. The diversion, right.

Mr. **Jenkins**. Well, that is the same conclusion that I came to in reading those notes, and I simply wanted to know if that was a proper inference to be drawn, that there was a desire to button this thing up; is that right?

Attorney General **Meese**. Right.

Mr. **Jenkins**. Thank you, Mr. Attorney General.

Thank you, Mr. Chairman.

Chairman **Hamilton**. Mr. Rodino.

Mr. Rodino has 20 minutes reserved.

Mr. **Rodino**. Thank you very much, Mr. Chairman.

Mr. Attorney General, we are back again. Hopefully the witching hour will sound, and we will all go home.

Mr. Attorney General, yesterday we had an exchange. I asked you questions relative to your conducting a factfinding inquiry without using the Criminal Division, and in answer to my question you stated that you did not feel that it was necessary at that time, and you also interjected, I believe, that you had a discussion with Director Webster, who somehow or other—you seemed to suggest that Director Webster had agreed with you and that there was no need for the Criminal Division.

Am I correct in recalling that?

Attorney General **Meese**. Actually I believe the discussion was in the presence of Director Webster, that we were not—that it was not a criminal matter, and more specifically as far as he was concerned that it was not appropriate for the FBI to come into it.

Mr. **Rodino**. Let me just refer you, Mr. Attorney General, that the record indicates, both from your deposition testimony as well as from Director Webster's testimony before the Senate Select Committee on Intelligence, that your discussion with Director Webster on November 21st, 1986—and I want to be clear on this, and I refer you to your own testimony—was merely a casual one that occurred on the way out of another meeting.

As a matter of fact, I will read part of the deposition which is yours.

"What exactly did you tell Director Webster?"

Your answer: "I told—well, I can't recall the exact conversation, but I indicated the President asked me to do a factual review of the matters pertaining to the Iran initiative, and because there were different people and different bits of information and that we wanted to try to put it together into a coherent version of the whole thing."

Question: "Did you explain to him the discrepancies in Casey's testimony?"

Answer: "I don't think I went into specific details about it other than what I mentioned, that different people had remembered different parts of it."

"Do you know whether or not he was aware that Mr. Casey was testifying that day?"

"I don't know whether he was or not."

Turning to Director Webster's testimony before the Select Committee, there were various questions put to him, and the chairman, I think, stated: "Let me turn your attention now to your conversation with Attorney General Meese on November 21, 1986, when he informed you of his prospective inquiry." And it goes into say, "Did Mr. Meese explain to you in any kind of detail why he was conducting this inquiry?"

Mr. Webster: "Well, it was a very casual conversation, not an agenda item."

He recalls that it was Friday, November 21st, and in answer to Senator Specter's question asking again about the conversation, he states, and he said what—this is Senator Specter—and you said and Director Webster said, "as best I can recall he said no, I don't think so. I don't think there is any need for it. There is nothing criminal about this that I can see, do you? And I said, well, no, not on the basis of what I know now, and he agreed and that was the end of the conversation."

I merely point this out because I'm sure you didn't want the committee to believe that you had had a full conversation with Director Webster as to whether or not he was going to offer an opinion as to whether this was to be a criminal investigation.

Attorney General **Meese**. That's correct. He was relying upon what I had told him, but as I mentioned——

Mr. **Rodino**. Which was the result of a casual conversation without any specific details? I just want to get the record straight. And of course the deposition, your own deposition, is here and Director Webster's is public testimony.

Attorney General **Meese**. Right—let me just say I think there is some interesting testimony that Director Webster has given in which he says——

Mr. **Rodino**. What are you referring to?

Attorney General **Meese**. I'm referring now to his confirmation testimony——

Mr. **Rodino**. What date was that?

Attorney General **Meese**. It was the 8th of April of this year, at which time he said essentially what I have said here, that neither of us saw this as a criminal inquiry, the purpose was to try to get the facts straight so that the government could be speaking with one accurate voice and so on.

Mr. **Rodino**. Mr. Attorney General, just so that we keep the record clear, I'm referring to a conversation that occurred on the 21st——

Attorney General **Meese**. We are both referring to the same conversation.

I'm telling you that his testimony about that conversation clarifies or elaborates on what you have said there.

Mr. **Rodino**. We will have to leave that to the record.

Attorney General **Meese**. All right.

Mr. **Rodino**. We also talked yesterday, and I want to make certain that the record is clear here, again, on Shultz's notes on the Contra connection. Yesterday you seemed to dispute that the committee had any evidence on that point. I just want to make clear, Mr. Attorney General, that—and I said to you if you don't, that there is—first of all, that the committee last week had received testimony from the Secretary of State. It was sworn testimony, that he did tell the Attorney General on November 22d at his interview that he was worried about a possible connection between the Iran arms matter and the Contras.

And then of the notes of his special assistant, the special assistant of Secretary of State, Charlie Hill, who was present at the Attorney General's November 22d interview of Secretary Shultz's record, that the Secretary of State told the Attorney General that day, and these are Mr. Hill's words, "Another angle worries me. Could get mixed up with help for Freedom Fighters in Nicaragua. One thing may be overlapping with another. May be a connection." And that is the conversation that took place which is being reflected by Mr. Hill.

I thought that I want to keep that record straight.

Attorney General **Meese**. Yes, Mr. Chairman, Mr. Rodino. I usually see you in the role as chairman. In this particular case, I think the point that I misunderstood at the time was the implication that he saw some connection, some actual connection between the two matters, the Iran initiative and the Freedom Fighters of Nicaragua.

On the contrary, this appears that people might put a political connection between the two things; as he said, our enemies on the Hill would love to wrap the two together, rather than any actual connection.

Mr. **Rodino**. Let me read you further in the testimony by Mr. Secretary of State. In answer to Mr. Belnick, who said, and this is on page 115 of the testimony that was given that day, "Mr. Belnick: The notes of your interview with the Attorney General reflect, among other things, your expressing the concern to him on that Saturday that this Iran matter or fear that this Iran matter would somehow get wrapped into aid for the Nicaraguan Resistance. What was the basis for that fear that you expressed on Saturday the 22d?

"Secretary Shultz: Because somebody had pointed out to me that the—I think it is the Southern Air Transport was used in the Central American situation and also in terms of the flights of arms, and so I said, well, my gosh, if this gets connected, then we are going to have a problem with our policy in Central America."

Attorney General **Meese**. But obviously that was not said to me; that was said to the committee here.

Mr. **Rodino**. That was said to the committee here, yes.

Attorney General **Meese**. But at no time in my conversation with Secretary Shultz did he ever raise the issue of Southern Air Transport.

Mr. **Rodino**. You don't believe that Mr. Hill's reflection of the Secretary's notes reflecting what the Secretary said at that meeting with you, the interview, that that doesn't suggest "another angle worries me. Could get mixed up with help for freedom fighters in Nicaragua. One thing may be overlapping with another. May be a connection."

Attorney General MEESE. That refers to a political connection that enemies of the administration would love to wrap together as he says here. It certainly does not suggest anything related to Southern Air Transport or an actual connection.

Mr. RODINO. Mr. Attorney General, moving on to a matter that the House Judiciary Committee was concerned with. As you will recall, the House Judiciary Committee on October 17th sent you a request that you apply for an independent counsel, and this was after the Hasenfus crash, and you received a letter which was signed by a number of members. I was not one of the signatories, and you made reference to the fact that I hadn't signed it, but it did reflect what 17 members, a majority of the committee—a majority of the majority. And the officials named in that letter were Oliver North, John Poindexter, and William Casey, and this is exhibit 13 if you want to see that letter just to call it to your attention. That is the letter. It is exhibit 13. And I don't think there is any need to go into that letter. It is a lengthy letter.

And then the C-13 which crashed was linked to Southern Air Transport and that is reflect in exhibit—I think it is exhibit 12. And what I want to call to your attention is that on or about October 30th, 1986, you received a call from Admiral Poindexter to delay the investigation because Southern Air Transport was involved in the Iran arms sales, and John Poindexter made that request to delay that investigation.

I'm a little puzzled, because Poindexter was named in that letter, and possibly a subject of any investigation that you might conduct, and I understand that there was a delay, and of course some reasons were recited.

My question is, is this something that would be done under ordinary circumstances? An individual is named in a letter, could be the subject of a possible investigation, and yet a request is made to you and you delay the investigation for a period of days. You did resume it later on.

Attorney General MEESE. He was not a subject of the investigation at that time. Indeed——

Mr. RODINO. No, he was the subject of the letter which was written to you, which could have, if there had been any basis, which could have led to an application for independent counsel. That was the request.

Attorney General MEESE. Possibly. I mean that was the request. But at that time we had looked into the letter and the letter contained no real evidence and at that time we had requested from Mr. Conyers any evidence they might have that would enable us to even conduct the initial investigation.

Mr. RODINO. Well, had you, Mr. Attorney General—I am not clear on this. Had you delayed the investigation—ordered it delayed——

Attorney General MEESE. No, no.

Mr. RODINO.—the investigation before you received that, because——

Attorney General Meese. No, no.

Mr. Rodino.—I am not aware of that exchange between you and Chairman Conyers.

Attorney General Meese. It was an exchange between the head of our Legislative Affairs Office and Mr. Conyers saying that we would request that whatever information they have that might be helpful be provided to us, but beyond that, to—at my knowledge at that time and in fact the fact was that Admiral Poindexter was not the subject of any investigation.

Mr. Rodino. Well, what you are saying is that you requested that Mr. Conyers and the committee furnish you with whatever information there might be, but the request was to the Attorney General, the Department of Justice, to inquire into this matter.

Wasn't it your responsibility to do so?

Attorney General Meese. And indeed our people did, and they were inquiring into the matter, but anytime we get something like this, we want to know what the basis is, and I think it was the feeling of our people who were looking into it that there was inadequate basis in the letter——

Mr. Rodino. Was that the reason for the delay, was that the reason for your ordering the——

Attorney General Meese. No, no. That had nothing to do with it. What I am saying is there was no active investigation in which Admiral Poindexter was the subject at the time that he called me.

Mr. Rodino. Mr. Attorney General, on November 21st, you met with the President, Don Regan, and Admiral Poindexter at 11:30 in the morning, and you were directed by the President at that time to conduct a factfinding inquiry, get to the bottom of this.

Admiral Poindexter has testified that later that day after being advised by you that the Justice Department was going to be coming to the NSC offices, he destroyed the December 1985 Finding signed by the President and some other documents.

Now, frankly, of course, I don't understand why the admiral destroyed that document. Of course, and the reason why I ask that is because you had been with the President and Don Regan and you talked about fact finding and undoubtedly the President told you to get at the bottom of this and conduct this fact finding.

Yet, we have got Admiral Poindexter going right back and destroying this document, this very significant document.

Any reason for that?

Attorney General Meese. I don't understand it either.

Mr. Rodino. Well, Admiral Poindexter did in testifying before the committee, said that he took it upon himself because he considered that it might be politically embarrassing to the President.

These matters would then be revealed and it would be shown that the President might have been doing something contrary to often-stated policies that he had been against.

And my question, since he said he wanted to save him from political embarrassment, was there any discussion that day when you were talking with the President about anything that might come up which might be embarrassing?

Attorney General Meese. There certainly was no discussion about anything coming up that would be politically embarrassing. The only thing the President said that might even be related was, "If you find anything wrong at all, we want to be sure to get it out."

Mr. **Rodino**. And yet Admiral Poindexter, who had this very significant document, notwithstanding all of this, does go back and destroys a very significant document, and, of course, you and I don't know the reason for it? Is that correct?

Attorney General **Meese**. I don't know the reason. You've listened to his testimony and presumably he gave reasons here.

Mr. **Rodino**. Well, he stated that it was to spare the President any political embarrassment, so he made that decision.

And, of course, that is what we have to stand by, stand on.

Let me ask you one other question, Mr. Attorney General, concerning the—concerning some of the letters that were sent out. You learned of the diversion memorandum on November 22d.

On November 24th, according to your testimony, you asked Cooper to do a preliminary review of possible criminal issues and then on November 25th, you began a criminal inquiry.

I want to ask why were letters not sent to the White House, the CIA, and other agencies asking them then to segregate and preserve relevant documents?

Why weren't they sent until November the 28th, 6 days later, actually? And that November 28th, I might tell you, happens to be a Friday, which certainly would give any person who is interested in knowing that these requests were going to be made, giving them an opportunity to destroy those documents.

Now why the delay?

Attorney General **Meese**. Mr. Rodino, first of all, as far as the White House documents and the NSC documents, a request for those to be sealed and preserved was sent on the 25th, as soon as the criminal investigation was started. Telephonic direction was sent then. I don't know any reason for the delay other than that in the normal process of this getting started, I think the 27th was Thanksgiving holiday.

The Criminal Division started on the 25th. It was the 26th by the time they probably got their investigative plan going.

I imagine that is the reason why an additional day was involved.

Mr. **Rodino**. I think to be fair to you, I am going to point out that I think those letters, some of those letters had been prepared, but somebody just goofed and didn't send them out for a couple of days.

Attorney General **Meese**. That I can't tell you because I don't know anything about the preparation or the dispatch of those letters.

Mr. **Rodino**. Let me ask you a final question, Mr. Attorney General. You talked a while ago about Poindexter and we have heard that you felt it was unnecessary to ask him anything further because you heard all that you needed to know apparently, and I am wondering, however—and I am going to refer you to your exhibit no. 42, I am wondering, however, in looking at exhibit no. 42, which is a list of the interviews that you were going to conduct, and you have Mr. McFarlane, Mr. Shultz, Mr. North, Mr. McMahon, Mr. Sporkin, CIA Associate Deputy Director for Operations, Mr. Thompson, Secretary Weinberger, the Vice President, Deputy General Counsel CIA of Operations, and then another CIA.

But there is no mention of Admiral Poindexter and there is no mention of Director Casey.

Attorney General MEESE. No. There is also no mention of Don Regan, no mention of the President on there. But I think that these were people that undoubtedly would have been talked to as well.

Mr. RODINO. Well, I don't have any further questions, Mr. Attorney General. Just let me say in closing that I recognize that a good many of us, of course, have been puzzled by the manner in which this whole matter has been handled.

Of course, you have come before us and you have explained and some of us, of course, will still have questions.

I wonder whether or not considering the fact that the President's credibility as the polls indicate has been damaged, why some of those key questions weren't really asked in order that maybe this matter might have been disposed of way back then right after November the 25th, after you had conducted your inquiry, if those key questions had been asked.

I think that regrettably the issue that is going to remain in the minds of many is just that: why weren't key questions asked?

Attorney General MEESE. Mr. Rodino, the key questions were asked. As I testified here innumerable times, the questions were asked who knew about this. The answers were given by Mr.—by Colonel North that the three people who knew about it were Mr. McFarlane, himself, and Mr. Poindexter.

The question was asked of Mr.—of Admiral Poindexter, did he know about it. He said yes, which confirmed what Mr. North had told us. Colonel North had told us. We asked the—Admiral Poindexter whether he told anyone else in the White House. He said no.

All of the things that were the key questions, as you call them, were all answered in the course of our weekend factfinding inquiry and all of those answers have stood right down to today.

Mr. RODINO. Well, thank you.

Attorney General MEESE. Thank you.

Chairman HAMILTON. Mr. McCollum is recognized. He has 30 minutes reserved.

Mr. McCOLLUM. Mr. Chairman, thank you. I certainly hope I don't use the 30 minutes.

I know, Mr. Attorney General, you should be aware that you are setting the record. And I hope it is the final record, as a matter of fact, for the lateness of the hour at which our hearings have been conducted in public session. We appreciate very much your enduring this with us.

I want to just clarify a couple of things since you and I last talked earlier yesterday.

One of the points that was just raised with you regarding your meeting with Secretary Shultz on the morning of the 22d concerned the whole issue of what Secretary Shultz might have conveyed to you about the idea of a connection, putting sort of a bug in your ear between the Iranian initiative and the Contra thing. You very adequately, I think, explained that the Southern Air Transport subject really never came up. I think Mr. Sofaer later discussed it with Mr. Cooper at some length a couple of nights later.

I think there is another point. Sometimes we pound on these days, the 21st, the 22d, the 23d, the 4 or 5 days you were involved in this. This was Saturday the 22d, this was the day that you found the diversion memo. It was just a few hours after this meeting with Secretary Shultz where he might have made that comment that you didn't draw a connection from but could have, just a few hours later you learned of the diversion memo, because Mr. Reynolds had found it. So frankly I don't know if you see it the way I do. Even if you missed something Secretary Shultz was trying to give you, it really wasn't material to this whole thing in the end. You found out about the diversion and the connection anyway, right?

Attorney General MEESE. That's correct. But I think—and I agree with you, that what Secretary Shultz was telling me had nothing to do with any actual connection between the two but rather that our enemies, as he called them, or as at least Mr. Hill's notes call them, on the Hill, those who were opposed to the administration policy might try to take two unrelated subjects and use them, what had happened in the two, to hurt us.

In other words, the Iranian initiative Secretary Shultz viewed as a very bad thing as we all know from his testimony, and he felt that there might be some spillover from that of the natural—what we viewed as the natural antagonism on the Hill for that might hurt us in what he was trying to achieve, which was assistance to the freedom fighters.

Mr. MCCOLLUM. So he wasn't conveying to you an impression of the connection for the purposes of any suspicious activity. It was an entirely different thrust. Even, as I said, even had it been otherwise and the bell had gone off, it didn't matter, it was only 6 hours before you found out about the diversion or something like that.

Let me relate one other thing that came up in your questioning by Mr. Rodino. I would like you to refer back to this. This is the testimony of Mr. Webster in his confirmation hearings. You had that a minute ago. Could you pull that back out again, please, Mr. General?

I think this issue is interesting. There is no question that your discussion with Mr. Webster about this subject was a fairly short period of time. But I don't think we ought to let the record go without having it very clear as to precisely what Mr. Webster was thinking about in connection with this, whether it was over a minute or two or whatever in your discussion.

If you have that in front of you now, if you would turn to these pages I have in front of me, starting on page 39. If you would turn to page 40. You mentioned on page 40 of that where Judge Webster said, "Neither of us saw this as a criminal inquiry," down around line 16. I would like for you to read for us and for anyone else who is observing and listening to this, line 25 on page 40 through line 13 on page 41—do you see what I'm talking about? It says, "you can always . . ." Would you read what Judge Webster said to the Intelligence Committee reviewing his confirmation on this subject? Just that paragraph.

Attorney General MEESE. He said, "You can always look back and ask in light of what transpired, could the FBI agents have done a better job of conducting such an inquiry or looking for materials. I don't think we are in a position yet to know really the answers to that question. There is also the downside of sending FBI agents into the White House when there is no known criminal activity to investigate. So you can see—sure, maybe we knew better how to ask the questions or maybe we knew better how to do something else, but it was not a criminal inquiry. The Attorney General took his own group of experienced attorneys from the Department of Justice, and I am just not able to say that in hindsight we could have done a better job than they did."

Mr. McCOLLUM. Thank you very much for reading that, Mr. Meese.

I would like to ask unanimous consent, Mr. Chairman, to introduce into our record the pages from that testimony that were covered by myself and Mr. Rodino and the Attorney General, pages 39 through 43 that I have here, the testimony of April 8, 1987.

Mr. RODINO. Will the gentleman yield?

Mr. McCOLLUM. I will be glad to.

Mr. RODINO. I hadn't made that request, and I ask the same unanimous consent request.

Chairman HAMILTON. Without objection, so ordered.

Mr. McCOLLUM. Thank you. Let me turn to an entirely unrelated matter.

Yesterday, you testified before us at some length, and I was a little surprised this morning to learn from reading the *Washington Post* that you testified, according to them, yesterday that in your opinion, the National Security Council was covered by the Boland Amendment. I didn't hear that yesterday. I wondered if you could tell us, did you testify to that? Is that your opinion?

Attorney General MEESE. I don't believe that I did. That's not my opinion. I don't believe that I testified about—on that subject at all. I believe I testified that we had never been asked for an opinion as to whether or not the National Security Council staff was covered by the Boland Amendment.

Mr. McCOLLUM. Do you have one, an opinion?

Attorney General MEESE. I have—well, again, it goes back to which Boland Amendment. There are five of them. If you are referring to the period—and again I'd have to look at the actual language—let me just say that we have not rendered a formal opinion on it.

Mr. McCOLLUM. I understand.

Attorney General MEESE. And so it would be important to know which of the Boland Amendments we are talking about, because the language is very important.

I gave an analysis of some language yesterday in another act in which it was the opinion of the Justice Department in a memorandum that I referred to that the National Security Council staff would be included under that particular provision.

Mr. McCOLLUM. That was something else.

Attorney General MEESE. It is my understanding that the Boland Amendment has different language which perhaps would not apply to the National Security Council staff.

Mr. **McCollum**. Well, I think we can—I don't have all of those cites in front of me.

The more current ones—'84 and '85 and '86 would be what we would be most interested in.

Do you have an opinion that you can give us about any one of those? Did one of those not—was not—clearly it was not covering, in your opinion, the National Security Council?

Attorney General **Meese**. Just so it is understood, I am not giving a definitive legal opinion.

Mr. **McCollum**. Understood.

Attorney General **Meese**. I believe there is a proper view that can be taken of the fiscal year 1986 Boland Amendment which says that funds available to the Central Intelligence Agency, the Department of Defense, or any other Agency or entity of the United States involved in intelligence activities and so on may be obligated only as provided in a certain section of the classified schedule.

The phrase "involved entity of the United States involved in intelligence activities"—in my opinion, the better view of that would be that that would not include the National Security Council staff inasmuch as the "agencies involved in intelligence activities" has a generally accepted definition in the intelligence community and is even defined in statute and in executive orders as such agencies as the Central Intelligence Agency, the National Security Agency, the Defense Intelligence Agency, the offices within the Department of Defense for the collection of certain items, the Bureau of Intelligence Research of the Department of State, intelligence elements of the Army, Navy, Air Force, and Marine Corps, and of the Federal Bureau of Investigation, of the Department of Treasury, and Department of Energy, and also intelligence elements of the Drug Enforcement Administration.

So that I think there is a generally accepted view of what are entities involved in intelligence activities. That is as opposed to what I read yesterday, a separate statute which talks about intelligence activities and intelligence-related activities.

I think that under the definition that is contained in the Boland Amendment, a view, a proper view, could be formed that the National Security Council staff would not be included within that definition.

It is an issue, though, on which reasonable minds might differ.

Mr. **McCollum**. I appreciate your clarifying it.

Fiscal year 1986, the year for which you made that comment to us just then of your own opinion and interpretation, is the most pertinent year. That is the year when all this activity took place that Colonel North, Admiral Poindexter and everybody else has been criticized for. I think that is extremely important at least to have on the record, your own opinion—granted you didn't go it formally.

Attorney General **Meese**. I appreciate your correcting the newspaper account. Because, it is very clear that I did not say that the Boland Amendment applies to the National Security Council staff. That may be included tomorrow in the corrections page of the *Washington Post*.

Mr. **McCollum**. I hope it is at least on the corrections page, if not somewhere else. I hope they are still here. I think one night I brought something up, and the reporter said he wasn't still here. But I think probably they will be for that one.

Let me ask you about another matter. I think it is important that these hearings wind up on a positive note of things that this committee can recommend in the way of changes and the way of new policy and the way of new legislation if it is appropriate to try to further the cause of keeping the type of things from happening that we find in this instance did in regard to the Iranian-Contra initiative.

The whole of one area, the Iranian initiative itself, deals with hostages, deals with terrorists who took those hostages, deals with the testimony we have had over a period of days about the fact that there was this matter of the hostages pressing on the mind of the President and on everybody's concern here, and there has been a lot of discussion about there not being any real alternatives being offered under the arms-for-hostages deal which none of us, certainly in hindsight, nobody I think really thought was such a hot idea.

But apparently rescuing the hostages wasn't feasible for one reason or the other, according to testimony we have had. It brings me to something I think is much more down your alley than the abstract or the foreign policy discussions, though you certainly have the background to do that. That is the issue of terrorism and the law, terrorism in general. I don't know if you have read it or not, but when Admiral Poindexter was testifying he said on the way back from Europe, I believe, in May of last year, the President had read the book by Benjamin Netanyahu, "Terrorism: How the West Can Win." I don't know if you have read that book. Have you read this book? Do you know what I am talking about?

Attorney General MEESE. Yes, sir. I have the book. I have read at least parts of it.

Mr. MCCOLLUM. This gentleman, if anybody doesn't that, and maybe the public does not, is currently an Israeli representative to the United Nations. He is a rather famous figure, formerly here in Washington with us. It is a highly sensitive book. I think a very good discussion in it. At one point in there, he defines it—terrorism is the deliberate and systematic murder, maiming, and menacing of the innocent to inspire fear for political ends. That is a definition from the Jonathan Institute, named after his brother that was founded over in Israel. It comes from 1979 I believe.

The reason I raised it with you is that I remember, because of my hat on the Judiciary Committee. We have been trying for some time—and you have been trying—to come up with some new laws dealing with terrorism and defining terrorism has been pretty tough.

Are you supportive of some law changes in this area that would get us into a better position in this country at least to deal with terrorism, to redefine that?

Attorney General MEESE. Yes, Mr. McCollum, we are. We have achieved some new laws that have been helpful. There are others, I believe, that we could—that could be enacted which would further the cause against terrorism. I am very much impressed with the recommendations and the suggestions that Ambassador Netanyahu makes in his book. He is a friend of mine, a man I respect greatly, particularly for his knowledge of terrorism. He and I have participated in a number of seminars and panels together.

Mr. McCollum. I think this committee would be very appreciative if before we adjourn, or even afterwards, you could participate in any kind of suggestions or have your department do that to us on any way that we could recommend. We cannot enact legislation, but we can recommend it. We are going to be deliberating it. If you wouldn't mind sending it up here, I think all of us would appreciate it.

I have another book that I would like to recommend that people read. It's called, "The War Against the Terrorists: How to Win It," by Gayle Rivers. And this particular book is a book that is written by a fellow who was engaged in antiterrorist activities. I am not going to do a book review, but he explains in that book about how we got real problems in conducting antiterrorist activities because we don't take the steps that others have taken in the past to get tough in preemptive ways in dealing with terrorists. That is a lot about the same type of thing Netanyahu suggests in his book.

The point of that is I am disturbed by something I want to call to your attention. It is a provision in an Executive order we have been talking about for some time. It is Executive Order 12333. That has been brought up here in this series of hearings a number of times, in fact, earlier today with you. Under a section of that, 2.11, there is the language that reads "Prohibition on Assassination. No person employed by or acting on behalf of the U.S. Government shall engage in or conspire to engage in assassination."

On the surface of that, that sounds like something everybody would support. It is in that Executive order. I am concerned about its application, though, because of the very nature of terrorism and whether it is not a problem for us. I don't expect a definitive opinion out of you this evening, but I want to ask a question or two.

In your judgment, Mr. Attorney General, does that Executive order prohibition—do you have a copy of that? Are you familiar with that?

Attorney General Meese. Yes, I do. I have it, and I am familiar with it.

Mr. McCollum. Does that apply in wartime to our military?

Attorney General Meese. I believe that it would apply in the sense of—and again I would have to look at the entire context and I don't view this as a legal opinion.

Mr. McCollum. I understand, I wouldn't hold you to it.

Attorney General Meese. I would apply—I would expect that it would apply in general in a wartime situation as well as otherwise. I would also say that an act of war properly declared by the Congress would not be considered assassination, in other words, the killing of a person, an enemy, would not be viewed as assassination and come within the prohibition here.

Mr. McCollum. But it does apply to military personnel by its very broad definition, doesn't it? It would include the defense intelligence agents and military personnel at least in peacetime, wouldn't it?

Attorney General Meese. In my opinion it would, yes, but in my opinion an act against a hostile power would not come within the definition of assassination in the legal sense.

Mr. McCollum. Let's talk for a minute about something more specific that bothers me because I do think we have a war on terrorism, and it's always questioned legally, a war if we declare it is pretty well defined, but a war on terrorism is like the war on drugs, is kind of a logo. It doesn't have a real good legal definition.

If you are talking about a preemptive effort against terrorists, you are talking not just about something like with a country. If you are listening to Netanyahu's definition, you are talking not about another country, but probably about individuals out there as we have seen in the Middle East who take our hostages to do things.

Does the language in this Executive order prohibit the President from sending in or prohibit our military or anyone else from going in in a preemptive manner against a terrorist—a known terrorist group, and if you will, eliminating them if it is not another government?

Attorney General Meese. Mr. McCollum, it certainly has not prohibited or prevented the President from taking appropriate action against terrorists in regard to the Libyan action that was taken, for example, and to the best of my knowledge this has never been a hindrance to taking appropriate action against actual terrorists.

If there were a problem with it, then we would discuss perhaps amendment of the Executive order.

Mr. McCollum. The President can do that without our intervention, I know, if he has to. One last thing on the—this is what really bothers me; it has come to my attention, and I would appreciate if you would check into it in your own way and so forth, that there are some in our government offices who have been very restrained about even giving assistance to other governments in certain areas because of the fear that this would be violated by the activities of the other governments who are fighting terrorism. Again, all I can do is ask that you look into it.

It is on its face something we would all support in general, but when it comes to how broadly it is interpreted in terms of fighting terrorism it could present problems as I see it. If you have any thoughts about it, please give them to us.

Attorney General Meese. Mr. McCollum, I think that the prohibition against assassination is a very important part of our general application of human rights policies and of maintaining a high moral ground, even in the battle against terrorism.

I do not believe that it has been a hindrance to our country in taking proper and appropriate actions and indeed it, I think, squares with the concepts in Ambassador Netanyahu's book where he talks about inflicting violence upon, in effect, civilians, innocent people.

I think that appropriate measures can be taken to apprehend or to cope with terrorists without in any way running afoul of this particular provision in the Executive order.

Mr. McCollum. Mr. Attorney General, I respect that as a lawyer as somebody who has wrestled with this, I would have to agree morally and in many ways that is true.

I have a question of where the moral line is drawn on terrorism in my own mind. I am not advocating assassination, but I am wondering if we are not overly interpreting that out or having some of our people do it more broadly than it should be out of fear of violating it. That is really my concern.

Let me raise one other subject with you. One last subject and that's the question of leaks. We have discussed leaks for a long time in this hearing and I have looked at and several of us have looked at the laws regarding the crimes that are on the books now for somebody who discloses or releases sensitive information.

My understanding is that Mr. Casey, some years ago, sent up to the Hill some proposed revisions in the law that would close down some loopholes and would indeed make it a much tougher thing to defend against if somebody leaked sensitive and classified information if especially they were officials or employees of the Federal Government.

Several of us—I am going to introduce a bill tomorrow—several of us have gotten together on an idea that is not perfect by any means, and I am hopeful that, whether it is that or some other legislative version, that our committee will recommend some legislation to batten down the hatches, so to speak, on this whole issue of leaks.

Do they concern you in general within the administration as much as they seem to concern other people who have been before us?

Attorney General **Meese**. Mr. McCollum, I am very much concerned about the unauthorized disclosure of classified information which you refer to in generic terms as leaks. I think we have a serious problem. I think there are a number of things that ought to happen.

First of all, I think we have far too much classified information. I have talked about that for the entire 7 years I have been in Washington.

Too many things are classified. As a result, nobody pays much attention to classified information in some circles. I am not saying that that is true of the committee, certainly, or the Intelligence Committees, but it to me is a very bothersome thing that we have so much classified information or that so much information is classified.

Secondly, I think too many people have access to classified information and if there were less of it, we wouldn't need as many people given access to it.

Thirdly, I think the things that really ought to be classified, those things that seriously would affect the vital national interests of the United States if they were revealed should have a very high degree of protection and a very high degree of penalty for those who permit or participate in unauthorized disclosures.

So I think the kinds of steps that you are suggesting along with those that I have mentioned here would be very important and very valuable as far as taking what really needs to be secret and making sure that that is a limited quantity of material and that it is properly protected.

I agree with you entirely.

Mr. **McCollum**. The bill I am going to introduce tomorrow is certainly not perfect, and I hope and in fact I invite any of my colleagues to join in cosponsoring it. It's going to be perfected—we're going to need to do a lot, it is just a working product for discussion.

We would appreciate it—I would appreciate it if you would not only comment on it, but get your staff to help us work on it to make sure that we do a good job in whatever we recommend in the end, assuming that we do.

Would you be willing to do that?

Attorney General **Meese**. I would be happy to do that.

Mr. **McCollum**. When I got done talking with you yesterday, I got all kinds of calls in my office about fly specking, people wanting to know what in the world that was. I really didn't realize how long it had been since lawyers gave legal opinions—title opinions on real property and house closings. They all give insurance—you get title insurance if you buy a home now. But that old archaic word, now I guess archaic, in the law provision dealt with looking at the minutia.

Some lawyer found in a title opinion that the period wasn't there or the Mr. was left off, it wasn't carried on to the next deed, and he could, if he wanted to, raise all kinds of problems for people.

But in reality those things are easily cleared up and you just had to go back into court and file another paper and get rid of it.

I meant it then and I mean it now, it seems to me despite all of these hours you have spent with us till after 8 o'clock today and all day yesterday, and while you have done a good job, I think of helping us in many ways, when it is all said and done, there has been very little other than fly specking in the way of criticism that has been found or fault that has been found with you and what your staff did in working on whatever you call it, fact finding or investigation over those 4 or 5 days of November 20th through the 25th.

While we may all look back in 40-40 hindsight, I think it is a lot like Judge Webster said when you read from what he was testifying before the Intelligence Committee in his confirmation hearings, that we just simply might do it differently, but it is unlikely we would have done it very differently, and you did one darn good job as far as this member is concerned and I think I speak for most of the panel.

We appreciate very much your coming up here. Thank you very much.

Attorney General **Meese**. Thank you, Mr. McCollum.

Mr. **McCollum**. Thank you, Mr. Chairman.

Chairman **Inouye**. Thank you very much Congressman. Mr. Attorney General, originally I had intended to yield the balance of my time to Mr. Thomas McGough, committee counsel. I have asked him to submit to you questions, which I felt would clear the air and give you an opportunity to take a cloud which is presently, I believe, resting over your head. However, I have decided to, after listening to some of your responses, to ask a few questions myself, so I will just ask Mr. McGough to submit to you questions for your response in writing, but if you may, Mr. McGough, can you just describe the questions or the nature of the questions to the Attorney General?

Mr. **McGough**. General Meese, we were going to explore for a few minutes the allegations that have been made about interference or attempt to deflect or stall criminal investigations in the Southern District of Florida that have been reported in the press.

We were going to go through a few of those. But if we have additional questions on that, I will submit them to you.

Attorney General MEESE. I understand that that matter has been thoroughly cleared up by depositions that have been received from the attorneys and it is proved conclusively that any such allegations are false. I understand that there is depositions to that effect, and if you wish to make them public, I would certainly encourage that.

Mr. McGOUGH. Thank you, Mr. Chairman.

Chairman INOUYE. Thank you.

Mr. Attorney General, I must say that I was a bit surprised and quite distressed with your response to questions asked by Mr. McCollum.

As the chief law enforcement officer of the United States, are you suggesting, or is it your opinion that once the 1986 Boland Amendment was passed, setting forth certain activities that are forbidden to the CIA, the NSA and others, that the NSC could have assumed these forbidden functions without violating the law?

Attorney General MEESE. Mr. Chairman, the question was directed to me as to whether the Boland Amendment applied to the NSC staff. I indicated that this was an issue on which we had not rendered an opinion in the Justice Department. I also indicated that if you look at the language, it is possible to make a strong case for the fact that the Boland Amendment does not apply to the NSC staff.

Whether it would be wise for the NSC staff to pursue things which were forbidden, as you call it, to the CIA and other entities of government is a question of policy rather than of law.

But if the Boland Amendment does not apply to the NSC staff, then they would not be included within the prohibitions.

Chairman INOUYE. Are you telling us that the staff of the National Security Council can carry out functions that are forbidden to the CIA without evading the laws of the land of the United States?

Attorney General MEESE. If the law doesn't apply to them, then they can without violating the law, obviously. That's a tautology. And when I say the law doesn't apply to them, the law by its language does not include them.

Chairman INOUYE. But if an agent of the CIA carried it out, that would have been a violation of the law?

Attorney General MEESE. Because the law applies to the CIA by its very terms. But the law by its terms only applies to the CIA, I believe the Defense Department and entities of the Government involved in intelligence activities. Normally, under the list that I read to you, that is not normally deemed to include the National Security Council staff.

Chairman INOUYE. Even if they carried out intelligence activities, covert activities?

Attorney General MEESE. It would depend again on the circumstances. It is a hypothetical question. But by the language there I think a good case can be made that Congress in its enactment of that law did not include the National Security Council staff within the purview of the agencies that are listed in that section as involved in the prohibition.

Chairman INOUYE. Did not Mr. McFarlane, when he was the director of the Agency, communicate by letter with Mr. Hamilton, chairman of the Intelligence Committee, to the effect that the Boland Amendment did apply to the National Security Council?

Attorney General MEESE. Again, I don't know, because I don't know the letter, I don't know which Boland Amendment. Remember, we are talking about five different Boland Amendments.

Chairman INOUYE. In other words, from what you are telling me, employees of the Department of Agriculture could have done the same thing without evading the law.

Attorney General MEESE. I think that it is entirely possible——

Chairman INOUYE. To carry out covert activities?

Attorney General MEESE. That, as the law is written here, where it says funds available to the Central Intelligence Agency, the Department of Defense or any other agency or entity of the United States involved in intelligence activities maybe obligated and expended only as authorized in specific sections. Now, as I read that, as I said earlier, a strong case can be made, I think, that that does not apply to the Agriculture Department, that it doesn't apply to Health and Human Services and a number of other entities which are not involved in intelligence activities.

Chairman INOUYE. But if some agent of the Department of Agriculture involved himself, with the approval of the President, in some covert activity, would that law apply to him?

Attorney General MEESE. By its language it does not appear to.

Chairman INOUYE. Then the Boland Amendment can be evaded very easily.

Attorney General MEESE. I don't think it would be an evasion if the law itself doesn't apply to a particular entity. It certainly would not be an evasion.

Mr. MITCHELL. Mr. Chairman, I would like to state I know that has been the subject of a lot of discussion and debate, and I don't want to attempt to debate it with the Attorney General. I merely wanted to state that there is another point of view——

Attorney General MEESE. Yes, sir, and I acknowledged that earlier.

Mr. MITCHELL. —which is that the Boland Amendment proscribes certain activities by persons in two categories. The first is those identified by name of agency, and there are two, and the other is by activity, those engaged in intelligence activities.

I believe the point the chairman is making, to which I subscribe but which I recognize is not—not everyone agrees to, is that if an official of the United States is in fact engaged in intelligence activities, then that person is covered by the act regardless of which agency he happens to be working for or whose payroll he's on.

Now, I am not asking you to agree or disagree with that, but I personally feel any other interpretation of the law, such as the one you have made, would not be accepted by any court because it would render the law meaningless, and I believe it is a fundamental principle of construction by the courts that they will not accept a construction which renders a law meaningless, because the interpretation you provided would mean that all that would have to be done would be for, to circumvent the law, would be for the President or the Director of the CIA to say to half a dozen people who are engaged in such activities which the law intended them not to engage in, say, "You go over and sit in the Agriculture Department, put yourself on the Agriculture Department payroll, continue to do the activities which you are now doing, and you will then not be covered by the law."

I think that it is a matter of interpretation. You have expressed one view. I think it is important that it be clear that there is another point of view on that which says essentially and I repeat myself now that the coverage is defined not only by name of agency but by activity, and a person cannot evade it by moving from one agency to another and still engage in the proscribed activity.

Thank you, Mr. Chairman.

Mr. **Boland**. Would the chairman yield?

Chairman **Inouye**. Be happy to.

Mr. **Boland**. Mr. Chairman, I guess this has been my baby, and all through these hearings we have been hearing about it, and we have constantly heard witnesses before this committee testify to the confusion, the ambiguity of the Boland Amendments. There have been, as the Attorney General has said, a few of them, but there are really only two—there are really only two that are important, and that is Boland Number 3, section 8066, the Department of Defense Appropriation Act for fiscal year 1985, and this is where the full prohibition is on support for military activity. Very simple and very clear, and that was in effect from October 1st of 1984 through December 19th of 1985, and let me read it. You have read it, and there has been a reference to it. Let me read it in full.

"During fiscal year 1985 no funds available to the Central Intelligence Agency, the Department of Defense or any other agency or entity of the United States involved in intelligence activities may be obligated or expended for the purpose or which would have the effect of supporting directly or indirectly military or paramilitary operations in Nicaragua by any nation, group, organization, movement or individual." That is the effective full prohibition Boland number 3.

Let me go to Boland number 4. Boland number 4 is section 105 of the Intelligence Authorization Act for 1986. It permitted humanitarian aid, communications support, intelligence sharing, infrastructure expenditure, but no expenditure for lethal equipment. It did permit the exchange of intelligence information, communication equipment, infrastructure support. It was clear from the debate on the Floor that it would not permit military equipment, very clear.

And let me now read from Executive order—I presume an Executive order is the law of the land until it's overturned or until some other law is passed or until it expires. This was signed by the President on December 4, 1981. Let me read the purpose—the purpose of the National Security Council, which was established by the National Security Act of 1947, "is to advise the President with respect to the integration of domestic, foreign and military policies relating to the national security. The National Security Council, the NSC, shall act as the highest executive branch entity that provides review of, guidance for and direction to the conduct of all national foreign intelligence, counterintelligence and special activities and attendant policies and programs."

I take "direction" to mean more than just a supervision, more than a coordination. I take it to mean a direction and a special activity in which the NSC might very well become involved, and this was a special activity, this covert action was a special activity, run completely and almost solely by the National Security Council.

Is there any question about that? Incidentally, the National Security Adviser, one of them, indicated that the Boland Amendment did apply to the NSC, and so did a former Director of the CIA, Admiral Turner. I know there have been opinions on both sides of this question, but this is very plain English, both the language of the Boland Amendments, the two that are important, and also the language of the Executive order that was signed by President Reagan on December 4, 1981. So you can have your opinion on whether or not the NSC is engaged in intelligence activity, but clearly, clearly the purpose, as outlined in the Executive order, clearly indicates that the NSC does engage in intelligence activity and is an entity of intelligence.

Chairman INOUYE. Senator Rudman.

Attorney General MEESE. Mr. Boland, if I could say this, I feel I have gotten in the middle of an internecine warfare here. It is personally my view that the NSC staff should not be involved in intelligence activities. Direction, coordination, tasking those kinds of things are a proper role, but I think one of the problems that we have had here that you have been discussing is the NSC staff getting involved in either intelligence or operations, and that is something I would not recommend.

Mr. BOLAND. Mr. Attorney General, if the administration was so unhappy with the Boland Amendments, why did it not suggest vetoing the bill in which the first Boland Amendment was contained, the continuing resolution?

Attorney General MEESE. Mr. Boland, I have not indicated frankly a policy position one way or the other on the Boland Amendments. This is something I have not been asked my opinion on by anyone in the administration, as I mentioned earlier.

Mr. BOLAND. You are the chief law enforcer of the United States, you interpret the law for the administration that is in power, you interpret the law for the President or any of the departments and agencies that look for an opinion from you, do you not?

Attorney General MEESE. Certainly we do and as I was——

Mr. BOLAND. Were you ever asked for an opinion on this amendment——

Attorney General MEESE. No, sir.

Mr. BOLAND. —or the Intelligence Authorization Act?

Attorney General MEESE. I am not sure about the Intelligence Authorization Act. We've never been asked for an opinion that I know of on the Boland Amendment, on what you read. On the other hand, I do think that it is proper to have the President have the opportunity to veto or approve such a bill, and that is why I think that it should not be attached to an appropriations measure, but rather should be sent as a free-standing bill to the President so he can act on it and not have it as part of a continuing resolution in an appropriations bill or something else in which he cannot really exercise his free unfettered judgment.

I would certainly think that would be an excellent suggestion that I would offer to this committee, that measures such as this be sent to the President as free-standing bills so that he can give it his unfettered judgment.

Mr. **Boland**. Well, the President took the opportunity to veto a continuing resolution back in 1981, and his reason for that was that there was too much spending in the CR. He could have easily vetoed the Appropriations Act for 1984 in which the Boland Amendment was contained, but he sought not to do so.

Chairman **Inouye**. Senator Rudman.

Mr. **Rudman**. Mr. Chairman, I don't think we ought to end quite on this note, and the Attorney General, I think, came close to answering a question that I was going to ask but I think I will ask it another way.

The whole argument of the Boland Amendment really would make a great Bar exam question, but we are not talking about Bar exams, and the point I want to make, Mr. Attorney General, I assume you would agree with me from what you said a few moments ago that other than looking at the strict structure of a particular statute passed by the Congress, that when you look at the intent of the Congress you have to deal in good faith with that intent. Is that not so?

Attorney General **Meese**. That's correct, Senator.

Mr. **Rudman**. I assume that so we don't leave here with a story appearing stating something that you don't believe, your opinion on Boland is your opinion. You probably get a hundred lawyers, you might get eighty opinions.

But the point I want to make is that certainly you would not advocate trying to evade or avoid the impact of a law by the kind of means that some have suggested could be carried out, such as putting it in the Department of Agriculture or the DEA or whatever.

You certainly—that is not a policy you, as the Attorney General, would advise, I assume?

Attorney General **Meese**. Absolutely not, and furthermore, as I said earlier, this is something on which we have not rendered an opinion, and I have not rendered an opinion, and I was answering a specific question, and the real answer is that I did not say yesterday that the Boland Amendment applies to the NSC staff, nor have we rendered an opinion on the subject.

I was asked whether you could make a case that it did not apply. I think you can make a case that it did not apply.

As Senator Mitchell says, you can also make a case that it does apply.

Mr. **Rudman**. That's a whole separate issue.

Attorney General **Meese**. This is a whole hypothetical situation which I think really is, if I might be permitted an observation, is probably wasting the time of this committee at this point.

Mr. **Rudman**. Well, I would expect so, but I don't think the record ought to indicate that you are advocating subtle avoidance or evasion of the law by reading statutes so closely and so carefully that we find ways to frustrate what is the obvious intent of any amendment, be it Boland or anything else.

Attorney General **Meese**. I have indicated that is correct—that is my view, that we should not be trying by unusual techniques or tricks to evade the intent of Congress, just as I feel that the President ought to have the opportunity to approve or veto these measures on their own merits and not as a part of a lot of omnibus legislation.

Chairman **Inouye**. Mr. Attorney General, I have one other matter that has bothered me in listening to your responses.

You spoke very eloquently and very charitably about Admiral Poindexter and Colonel North and their military records. You suggested that if the Admiral had not taken the assignment in the National Security Council, he would have very likely have been a top candidate for the Chief of Naval Operations. And then you spoke of Colonel North's courageous battle records in Vietnam.

I hope that, as the chief law enforcement officer of the United States, you are not suggesting to us that persons with good military records be exempt from laws relating to lying to the Attorney General or lying to the Congress.

Should they be exempt?

Attorney General **Meese**. No, sir. No one should be exempt for any of their acts.

What I said earlier—and I think it is important that it not be taken out of context—was explaining why I have respect for these two gentlemen and the fact you have to take their entire career into account and not just a particular segment of it when making a judgment on a human being.

Chairman **Inouye**. But your opinion now is that they should not be exempt from the laws of the land?

Attorney General **Meese**. I don't think that anyone should be exempt from the laws of the land, from the President on down, and I think that is the view of the President, as well.

Chairman **Inouye**. That pleases me, sir.

With that note——

Chairman **Hamilton**. I just want to extend my thanks to you, Mr. Attorney General, for your appearance, and to say that I appreciate particularly your willingness to offer some help as we move into what we hope will be a more constructive phase of the committee's operation, and to raise one problem with you.

I noted earlier that you said that you wanted to cooperate fully with the committee, and I want to say that I think the cooperation of the administration has been very good and we have appreciated it.

However, we have had some problems in getting documents from the Department of Justice and we have not had problems in getting documents from other agencies and departments. So I would appreciate very much if you would check carefully on that point.

There are still some documents that we have requested that we have not yet received, and that request has been rather long-standing, and I know it is your intention to cooperate and to provide the documents.

So if you would check on that for us, we would appreciate it, sir.

And we thank you for your appearance over these several hours.

Attorney General **Meese**. Thank you, Mr. Hamilton.

Chairman Hamilton, Chairman Inouye, I want to thank both of you and particularly thank the committee for their courtesy to me in continuing the meeting tonight so that we could conclude these sessions today as far as I'm concerned.

Chairman INOUYE. I would like to join Chairman Hamilton in thanking you for your patience. You have responded to our questions in good grace and we are most appreciative.

It has been a long, long day, and I think the time has come for us to call this to a halt.

We thank you again.

I would like to call the session in recess and announce tomorrow morning we will meet here at 9:00 a.m. to receive the testimony of Donald Regan, former Chief of Staff of the White House.

[Whereupon, at 8:25 p.m., the Select Committees recessed, to reconvene at 9:00 a.m., Thursday, July 30, 1987.]

APPENDIX A: EXHIBITS

EXHIBIT GPS—CHRONOLOGY-A

TESTIMONY OF SECRETARY OF STATE

CHRONOLOGY OF NON-USG SUPPORT FOR NICARAGUAN OPPOSITION FORCES

(12/8/83 - 12/4/86)

12/8/83	DOD Appropriations Act enacted. Provides that "During FY 84, not more than $24 million of the funds available to the CIA, DOD or any other agency or entity of the United States involved in intelligence activities may be obligated or expended for the purpose or which would have the effect of supporting, directly or indirectly, military or paramilitary operations in Nicaragua."
02/16/84	ARA reports to GPS that CIA program for Nicaraguan opposition has funding shortage.
04/16/84	MCFARLANE proposes seeking support for Nicaraguan opposition from Country #1 in a discussion with GPS, CASEY, and two other State officials. MCFARLANE also mentions Countries 11 and 12 as candidates. CASEY and GPS do not reply, focusing instead on legislative strategy with Congress.
04/17/84	Report from US Ambassador to Country 1. MCFARLANE has raised with him aid from Country 1. HOWARD TEICHER has already spoken to official of Country 1, telling him that Country 1 could contribute to the Nicaraguan opposition directly or use USG as a conduit. GPS says no to USG as conduit.
04/18/84	GPS tells MCFARLANE he does not favor seeking aid from Country 1 and is opposed also to seeking aid from Country 6 and says we should not get dependent on others -- we must do it ourselves.
05/9/84	GPS learns that TEICHER told official of Country 1 that U.S. would be intermediary for funding by Country 1, and that TEICHER made this approach weeks before U.S. Ambassador to Country 1 learned of it.

EXHIBIT
GPS-
Chronology-A

05/11/84 GPS confronts MCFARLANE with information concerning TEICHER and his approach to Country 1. MCFARLANE says that what TEICHER told the official of Country 1 was not authorized.

05/23/84 Report from U.S. Ambassador to Country 1 concerning conversations with TEICHER and MCFARLANE. TEICHER advised that he had called the official of Country 1 to say that any further discussions would be handled through the U.S. Ambassador.

TEICHER also told U.S. Ambassador, however, that in his previous discussions with the official of Country 1, he was operating on strict instructions.

MCFARLANE advised Ambassador that he had dropped his idea that Country 1 take over all responsibility for the Nicaraguan opposition forces because Ambassador "blew the whistle" on him.

05/25/84 ASSISTANT SECRETARY/ARA, LANGHORNE A. MOTLEY, presents possible approach to third country funding, developed by ARA/CIA staff, which includes notifying Congress. U.S. would facilitate, solicit and control the third country support, but not serve as conduit. NSPG meeting required. Countries considered as candidates: 1, 3, 5, 6, 11, 7, 13. GPS opposes both the proposal and the candidate contributors.

GPS speaks to CASEY on same day. CASEY agrees with GPS' position that U.S. should not solicit aid from other countries; if third countries volunteer, OK.

GPS tells MOTLEY no.

05/28/84 State and CIA officials continue discussion of funding options. Consensus opposes third country solicitation.

06/25/84 NSPG meeting. Discussion of third country funding. GPS raises legal questions and suggests seeking opinion from ATTORNEY GENERAL. MCFARLANE proposes no solicitation of third countries pending opinion from A.G.

06/7/84	UNDERSECRETARY ARMACOST asks MCFARLANE status of alternative funding. MCFARLANE replies that the Nicaraguan opposition is getting $1 million per month, but he is not sure of source. Confident, however, that the funding will continue for the next 6 months, but cannot carry on next year without new source of funds.
10/12/84	Prohibition enacted against the use of funds available to agencies or entities involved in intelligence activities to assist directly, or indirectly, military or paramilitary operations in Nicaragua.
01/10/85	State Department learns that MCFARLANE had arranged a trip to Central America without knowledge of GPS. GPS insists that a State Department official accompany MCFARLANE.
01/15/85	MCFARLANE claims to GPS that NORTH had kept MOTLEY advised of MCFARLANE's travel plans. MOTLEY denies.
06/8/85	Congress authorizes $27 million humanitarian assistance for the Nicaraguan opposition forces. Prohibits any arrangement with a third country conditioning U.S. aid on the recipient country's assistance for the Nicaraguan opposition.
08/15/85	Congress appropriates $27 million for humanitarian assistance to Nicaraguan opposition.
08/20/85	HPSCI begins inquiry into activities of NSC staff in support of the Nicaraguan opposition (similar inquiry by HFAC).
09/4/85	ASSISTANT SECRETARY ABRAMS advises GPS that fundraising for the Nicaraguan opposition is continuing and arms shipments increasing. ABRAMS says he has not asked NORTH for any information about fundraising for lethal aid. GPS responds that State Department must not be in the dark, that the Nicaraguan opposition is an integral part of the overall Central America picture, being managed by ABRAMS, and that ABRAMS needs to know how they are getting arms. GPS tells ABRAMS not to say "go see the White House. It is very risky for the White House."

09-10/85	MCFARLANE responds to HSPCI, SSCI, BARNES, DURBIN assuring them about propriety of NSC staff and NORTH activities.
10/7/85	ABRAMS reports to GPS that opposition forces are broke because of foolish spending on huge arms shipment. Advises they need secure communications equipment. Suggests approaching third country which manufactures such equipment.
10/8-15/85	GPS asks senior official of Country 8 if his government would be willing to supply the radios. Official says he will get back to GPS. He subsequently calls GPS and tells him that Country 8 no longer manufactures equipment needed.
12/8/85	Congress expressly confirms State Department's authority to solicit humanitarian assistance from third countries. Congress also appropriates funds for radios.
03/31/86	DEPUTY SECRETARY WHITEHEAD reports to GPS on SINGLAUB'S agreement with PASTORA, and AMBASSADOR TAMBS' involvement. WHITEHEAD says ABRAMS very concerned about TAMBS, noting "it's all illegal apparently" and that there was "no knowledge here until it over". GPS tells staff "we have to take this on." Immediate cable rejecting arrangement.
04/4/86	GPS tells POINDEXTER that PASTORA will be told that he does not have an agreement with U.S. (On April 11 GPS instructs ABRAMS to tell PASTORA.)
04/21/86	Report at ARA regional that $27 million humanitarian assistance largely spent; NDR on reduced rations.
05/16/86	NSPG meeting. Discussion of bridge funding for the NDR and possible Third Country solicitation for humanitarian assistance. GPS supports, noting State's discussions with Country 8. GPS tasked to draw up list of possible donors. CASEY mentions that Countries 1, 2, 3, and 5 all have some interest. (No mention of prior solicitations)

Early 06/86 —	Decision at State to approach Brunei. ABRAMS gets Swiss account number from NORTH.
06/16/86	MCFARLANE advises GPS that Country 2 volunteered and delivered $31 million to the Nicaraguan opposition while USG aid was barred.
06/24/86	GPS advised by ASSISTANT SECRETARY SIGUR and AMBASSADOR that Brunei should not be approached on Secretary's current trip to Asia; need to lay ground work. GPS agrees.
08/5/86	ABRAMS designated by GPS to make contact with Brunei.
08/6/86	ABRAMS reports that he will be meeting an official of Brunei. Reports also that he has received a second account number from CIA. Asks HILL's advice on which account to use. HILL says "use original number."
08/6/86	NORTH briefs HPSCI members pursuant to House Resolution of Inquiry into his activities. Resolution withdrawn.
08/9/86	Meeting between ABRAMS and Bruneian official. Brunei will contribute $10 million. ABRAMS turns over Swiss account number.
09/15/86	Brunei confirms that "arrangements have been consummated."
09/18/86	NORTH advises ABRAMS that Brunei funds have not been received in account, query Brunei.
09/23/86	Brunei agrees to run tracer on funds.
09/26/86	U.S. AMBASSADOR reports that Bruneian officials say they used procedures which would require U.S. to "wait for a short while before the transaction is completed."
10/16/86	ABRAMS tells GPS that HASENFUS plane shot down; no US involvement; it is a private operation.
10/24/86	ABRAMS reports that he has just learned from head of CIA Latin America Division that one of its operatives (probably in region) was involved in HASENFUS operation. ABRAMS says he believes that Head of CIA's Central America Task Force and CLAIR GEORGE did not know. Says Chief of Central America Task Force assured him that CIA clean, but someone is lying within CIA.

11/25/86	ABRAMS reports that Brunei money still has not reached the Nicaraguan opposition. HILL instructs that information be given to LEGAL ADVISER SOFAER (out of town).
	ABRAMS briefing of SSCI re third country funding of Nicaraguan opposition, does not mention Brunei solicitation, misleads Committee.
12/1/86	SOFAER is informed of Brunei situation. AMBASSADOR instructed to advise Brunei that if funds still in Brunei's control, they should be frozen.
12/4/86	U.S. AMBASSADOR informs Department that Brunei had transferred funds on August 19, and transfer could not be withdrawn.
	Department sends diplomatic note to Swiss. Accounts related to Lake Resources and LTC NORTH frozen.
12/8/86	ABRAMS testifies before SSCI concerning his November 25 briefing. Discloses Brunei pursuant to guidance from the Department. Is heavily criticized by Senators.

EXHIBIT GPS—CHRONOLOGY-B

TESTIMONY OF SECRETARY OF STATE

IRAN CHRONOLOGY I

(5/85 - 10/31/86)

05/30/85	Ambassador to Israel SAMUEL LEWIS reports that MICHAEL LEDEEN is in Israel talking to Israeli officials to obtain intelligence about Iran, without notice to the U.S. Embassy.
06/03/85	McFarlane reports to GPS, who is in Lisbon, on meeting with RABIN; does not mention LEDEEN visit to Israel.
06/05/85	GPS cables MCFARLANE objecting to LEDEEN visit to Israel, to an intelligence relationship with Israel concerning Iran, and to bypass of State and Embassy.
06/07/85	MCFARLANE cables response to GPS insisting that LEDEEN had been in Israel "on his own hook," and that MCFARLANE was "turning it off entirely."
06/17/85	MCFARLANE circulates draft NSDD proposing change in U.S. policy toward Iran, including the "provision of selected military equipment as determined on a case-by-case basis."
06/29/85	GPS submits comments to MCFARLANE on the draft NSDD, opposing the proposal regarding arms transfers and stating "I cannot agree that the NSDD as drafted should be signed by the President."
07/14/85	MCFARLANE cables GPS discussing Israeli contacts with Iranians and Israeli/Iranian interest in U.S.-Iranian dialogue, commencing with Israeli delivery of TOWS and Iranian attempts to release hostages. MCFARLANE offers analysis, favors U.S. expressing interest.
07/14/85	GPS cables MCFARLANE proposing "positive but passive reply," involving U.S. willingness to listen to Iranians, without commitment, on opening a dialogue and reinforcing MCFARLANE's expressed cautions against being drawn into arms transfers. GPS tells McFarlane to manage the issue personally and inform Israeli emissary that GPS and MCFARLANE are "in close contact and full agreement every step of the way."

EXHIBIT
GPS-
Chronology-B

07/16/85	GPS sees intelligence report calling GHORBANIFAR a "talented fabricator."
07/19/85	GPS visits the PRESIDENT in the hospital upon return from ASEAN meeting. MCFARLANE present. No discussion of the proposed Iran initiative.
07/24/85	GPS is reminded by his Executive Assistant, CHARLES HILL, to ask MCFARLANE for a status report on Iran proposal.
08/06/85	At GPS' regularly scheduled meeting with the PRESIDENT, MCFARLANE states that three meetings between Israel and the Iranians have occurred, and that MCFARLANE'S contact is DAVID KIMCHE. The Iranians want a dialogue with the United States, want arms from the U.S. and 100 TOWS from Israel, in exchange for four hostages. MCFARLANE says that the deal will be "totally deniable," and that he is pursuing the contact. GPS argues that any policy of selling arms to Iran or loosening arms flow restrictions is wrong, and could not be kept deniable or secret.
09/04/85	GPS learns that NORTH is expecting seven hostages to be released on a beach near Tripoli.
09/13/85	MCFARLANE tells GPS that the Israel/Iran dealings are "not moving."
09/17/85	U.S. Ambassador to Lebanon BARTHOLOMEW tells HILL that WEIR said he was released to bring pressure for release of Dawa prisoners. BARTHOLOMEW states that he knows "precious little about origins of this or who is involved." Lunch meeting among GPS, CASEY, MCFARLANE, and WEINBERGER. MCFARLANE debriefs group on hostages, noting that the hostage release is "not going anywhere."
11/18/85	At the Geneva Summit, MCFARLANE tells GPS that four hostages will be released in a few days, and that Israel is sending an airplane to a European city with 100 HAWKS, which will be shipped to Iran if the hostages are released. MCFARLANE says he has cleared this with the PRESIDENT. GPS objects, both to the plan and to being notified too late to be able to stop it.

11/22/85	GPS is advised by OAKLEY of information from various sources that the hostages will be released for 120 HAWKS at $250,000 apiece. GPS learns also that the proposed release date has slipped in order to get flight clearance from a European country.
11/23/85	GPS learns that no hostages have been released and the deal has therefore collapsed. He tells HILL: "It's over."
12/05/85	POINDEXTER calls GPS to inform him of a White House meeting on 12/7 because Iran initiative had reached a decision point. Later, GPS tells POINDEXTER that he is "basically uninformed [about the proposed Iran initiative], although BUD told me about it at the start and I said no." GPS asks about congressional notification, says that the U.S. is breaking with its hostage policy, and states that "this thing has got to be stopped." GPS also tells POINDEXTER that he is upset that State has been cut out of cable traffic.
12/06/85	GPS meets with ARMACOST and PLATT to prepare for White House meeting on Iran initiative the following day. GPS learns from POINDEXTER that HAWK shipment was sent even though no hostages were released, but that it "misfired" because Iran rejected the shipment as "too old."
12/07/85	Meeting at White House. GPS, WEINBERGER, and DONALD REGAN argue against arms for Iran. WEINBERGER expresses view that it is illegal. MCFARLANE, POINDEXTER, and the PRESIDENT speak in favor of the policy. The PRESIDENT supports going ahead, emphasizing importance of obtaining release of the hostages. POINDEXTER proposes that MCFARLANE tell Iranians that, if they release hostages without any arms, the U.S. will then work towards a better relationship. If MCFARLANE is turned down, he would be authorized to ask Britain to "pick up the sale." GPS objects to the latter aspect of POINDEXTER's proposal, says this would be the same misguided policy. Meeting concludes with decision that MCFARLANE meet Iranians to seek hostage release without arms dimension. In aside after the meeting, POINDEXTER tells GPS that the deal had fallen apart around Thanksgiving, and he advised the PRESIDENT to disengage, but the PRESIDENT said no.

12/10/85	GPS (in London) is informed by staff that Iranians have rejected MCFARLANE approach and that at a White House meeting that morning, the Iran initiative had been turned off. NORTH reportedly had prepared a paper stating the hostages would die as a result.
12/11/85	ARMACOST cables GPS that MCFARLANE has recommended dropping the entire enterprise, but the PRESIDENT wants all other avenues "energetically pursued."
01/04/86	POINDEXTER advises GPS that AMIRAN NIR had come to see him to revive the hostage deal. NIR presented a proposal involving the release of certain Hizbollah prisoners, and the sale of 3,000 TOWs to Iran, in exchange for the hostages. GPS states that this suffers from all the same problems as the previous proposals, calling it a "payment" for hostages. GPS thinks POINDEXTER is negative toward proposal.
01/07/86	Meeting at the White House among PRESIDENT, VICE PRESIDENT, WEINBERGER, MEESE, CASEY, REGAN, POINDEXTER, and GPS. GPS and WEINBERGER argue strongly against the Iran proposal, but everyone else favors going forward.
01/16/86	GPS attends a Cabinet meeting at the White House, from 2:00 p.m. to 3:00 p.m. but is not present at 5:00 p.m. to 7:00 p.m. discussion of the Iran initiative.
01/17/86	GPS attends "Family Group Lunch" at the White House at which Iran initiative is discussed. GPS argues that the policy is both "unwise and illegal."
02/28/86	GPS has long talk with POINDEXTER concerning the hostage situation. POINDEXTER tells GPS that hostages will be released the following week. Nothing is said about any arms transactions. POINDEXTER advises that the Iranians want a higher level meeting, and the White House has picked MCFARLANE. GPS recommends that MCFARLANE be given written instructions. GPS is subsequently shown the Terms of Reference for MCFARLANE's mission which are consistent with GPS views. GPS approves Terms of Reference. (Terms of Reference, used by MCFARLANE in May 1986, speak of arms sales as only a future prospect.)

03/11/86	POINDEXTER informs GPS that MCFARLANE objected to going ahead with the meeting and that the initiative is "all off" again.
04/21/86	POINDEXTER tells GPS that the Iranians have complained, and the PRESIDENT said they could "take it or leave it." GPS asks if this means that PRESIDENT is prepared to "leave it," and POINDEXTER says, "I think so."
05/03/86	ARMACOST cables GPS in Tokyo that Ambassador PRICE in London has learned from a staff member that TINY ROWLANDS was approached by NIR to take part in arms transactions with Iran which had White House approval and which involved GHORBANIFAR and KHASHOGGI. POINDEXTER was allegedly the point man and the State Deparmtent was cut out.
05/04/86	GPS advises DONALD REGAN of PRICE/ROWLANDS contact. He expresses his opposition to dealing with persons mentioned in ARMACOST cable, and argues that if a low level official such as the Embassy staffer knows about this it will become public and leave the PRESIDENT exposed. GPS says REGAN must go to PRESIDENT and get him to "cut your losses and call it off." REGAN expresses alarm and agrees to talk to the PRESIDENT.
	GPS alerts POINDEXTER to the PRICE/ROWLANDS contact and makes the same points as with REGAN. POINDEXTER states that he told PRICE there was only a "smidgen of reality" to the allegations and tells GPS "we are not dealing with these people." GPS voices his strong objections to any such proposed transaction. POINDEXTER says he does not share GPS' view. GPS argues that the PRESIDENT is very exposed.
05/28/86	OAKLEY tells PLATT that the NORTH operation has "fizzled," negotiations have broken down, and that MCFARLANE was involved and may have been in Tehran. PLATT advises HILL, who informs GPS.
Late May or Early June 86	After GPS returns from trip to Philippines, he is told by both POINDEXTER and CASEY that the Iran-hostage operation has ended and the people associated with it have been told to "stand down."

06/12/86	GPS advises PLATT that he told Attorney General MEESE that, while the United States is prosecuting Israelis for arms sales to Iran, Israel could point a finger back at the United States. MEESE was "not deterred" by GPS' comments.
07/02/86	ARMACOST writes GPS concerning renewed conjecture about arms sales to Iran; he argues against the policy.
09/16/86	LEDEEN asks HILL to arrange a meeting with GPS to discuss the Iran matter. HILL takes no action.
10/21/86	LEDEEN calls HILL again about meeting with GPS. He states that a "grand strategy" involving a strategic relationship with Iran had gone off track with regard to hostages.
10/26/86	HILL advises LEDEEN that GPS will not see him.
10/31/86	POINDEXTER advises GPS that release of DAVID JACOBSEN is imminent.

Exhibit GPS—Chronology-C

TESTIMONY OF SECRETARY OF STATE

IRAN CHRONOLOGY II

(11/1/86 - 12/18/86)

11/4/86	Lebanese press discloses U.S. arms sales to Iran. GPS cables POINDEXTER advising that all the key facts be promptly disclosed.
11/6/86	POINDEXTER responds that now is not the time to go public because it would "complicate efforts to secure the release of other hostages."
11/10/86	POINDEXTER tells GPS that while GHORBANIFAR channel shut down, new channel is open. GPS says "we should shut it all down."
	Meeting at the White House among PRESIDENT, VICE PRESIDENT, POINDEXTER, REGAN, KEEL, CASEY, WEINBERGER, MEESE, SHULTZ. POINDEXTER briefs group on operation, mentions January 1986 Finding. GPS says this is the first he has heard of it; WEINBERGER says the same. POINDEXTER says a total of 1000 TOWs and 240 Hawk spare parts were sold to Iran. GPS criticizes the operation, says it sounds like arms for hostages. PRESIDENT disagrees. POINDEXTER says, "How else will we get hostages out?" GPS argues that operation should be shut down.
	Later in the day, en route to Guatemala for OAS meeting, GPS receives draft press guidance from White House describing as unanimous the current and past support for the Iran arms shipments by the PRESIDENT'S senior advisers. GPS tells POINDEXTER to delete the claim of unanimity, since not accurate. GPS supports the PRESIDENT, but not the shipments. POINDEXTER agrees to the deletion.
	GPS tells HILL that he (GPS) must tell the PRESIDENT that his advisers are distorting the record.
11/12/86	GPS urges REGAN to assist him in persuading the PRESIDENT to turn Iran policy over to State and end arms sales to Iran. GPS gives REGAN draft statements for PRESIDENT's use announcing end of arms sales.

EXHIBIT
GPS-
Chronology-C

11/13/86	PRESIDENT's speech.
11/14/86	At his regularly scheduled meeting with PRESIDENT, GPS makes arguments against arms for Iran.
11/15/86	GPS at Camp David gives draft paper to REGAN that would return control of Iran policy to State and end arms sales to Iran. (REGAN tells him (GPS) he understands State's position, but White House is not in a position to adopt it.
11/16/86	GPS appears on "Face the Nation." Says that he believes there should be no more arms sales to Iran, but also states he does not speak for the Administration.
11/17/86	SPEAKES announces that the White House has no further plans for arms shipments to Iran. He also confirms that the SECRETARY OF STATE is Administration's chief foreign policy spokesman.
11/18/86	GPS tells ARMACOST and HILL that State must have access to all the facts concerning the Iran initiative.
	State LEGAL ADVISER SOFAER attends General Counsels' meeting at White House. Reports back that NSC Counsel THOMPSON declined, under instructions, to give full story.
11/19/86	GPS directs that HILL brief ARMACOST and SOFAER on GPS' knowledge concerning arms sale to Iran. GPS tells PRESIDENT that PRESIDENT is not fully informed. GPS says "we have been deceived and lied to. . . And you have to watch out about saying no arms for hostages." GPS says MCFARLANE once told him that planeload of arms would go to Iran if hostages released. PRESIDENT says he knew of this. GPS says he had been told in Tokyo (6/86) that it had all stopped. PRESIDENT says that GPS is "telling me things I don't know." GPS says, "Mr. President, if I'm telling you something you don't know -- I don't know very much -- so something is wrong here."
	GPS then calls REGAN and expresses concern about PRESIDENTIAL press conference scheduled for that night. He says PRESIDENT has been misled on the facts.
	PRESIDENT's Press Conference.

	GPS calls PRESIDENT. Tells him of factual errors in the press conference. Reiterates that PRESIDENT is not getting the full story. PRESIDENT asks GPS to identify the factual errors.
11/20/86	GPS reviews list of factual errors with REGAN. Learns that PRESIDENT, with VICE PRESIDENT, had told POINDEXTER of GPS' assertions that PRESIDENT not getting the facts.
	GPS asks REGAN to attend when GPS sees the PRESIDENT that evening.
	GPS meets with PRESIDENT and REGAN at the White House. PRESIDENT does not accept GPS' thesis. PRESIDENT says he knew about November 1985 shipment, but disputes that it was arms for hostages. GPS says that no one looking at the record will agree.
11/22/86	GPS is interviewed by MEESE and ASSISTANT ATTORNEY GENERAL COOPER. Among other things, GPS tells MEESE that PRESIDENT told GPS earlier in week that PRESIDENT knew of November 1985 shipment.
11/24/86	NSPG on Iran. GPS criticizes policy and argues for its cessation. PRESIDENT does not agree.
	Later that day, during WHITEHEAD meeting with GPS, POINDEXTER returns call from WHITEHEAD. POINDEXTER says State must get involved and can take lead if it wants. POINDEXTER says "I want to get out of it."
11/25/86	GPS learns at NSPG that POINDEXTER has resigned, NORTH has been relieved, and a diversion of funds has occurred.
11/26/86	GPS meets with PRESIDENT to discuss State's administration of Iran policy.
12/8/86	GPS testifies before HFAC.
	GPS informed that CASEY questions GPS assertion that he and POINDEXTER had told GPS that Iran initiative had been "stood down."

12/12/86	ARMACOST and CASEY agree on ground rules for upcoming meeting with second channel. The channel will be used for intelligence only. CASEY later calls REGAN and persuades White House to continue to authorize policy discussions in the channel, notwithstanding CASEY's agreement to the contrary with ARMACOST.
12/13/86	Meeting in Frankfurt among Iranian, State representative DUNBAR, and CIA representative CAVE. DUNBAR delivers message that no more arms will be sold. Iranian reveals the existence of previous agreement with NORTH and HAKIM which contained nine points. DUNBAR reports existence of the "Nine Point Agenda" back to Department. DUNBAR returns to Washington, CAVE remains in Europe and holds second meeting with the Iranian, contrary to agreement by CIA that no more meetings in this channel would take place without State representative present.
12/13/86	On receiving first DUNBAR report (by secure telephone), GPS asks to see PRESIDENT.
12/14/86	GPS meets with PRESIDENT. Informs him of DUNBAR'S meeting with second channel, including DUNBAR'S discovery of previous agreement re release of Dawa prisoners. PRESIDENT expresses shock, tells GPS that we never agreed to pressure Kuwait.
12/16/86	GPS testifies before SSCI.
12/18/86	GPS sends message to KUWAITI FOREIGN MINISTER reaffirming that "the President and I" remain committed to the policy that "the U.S. Government will never ask Kuwait to release the Da'Wa prisoners in order to get freedom for the American hostages."

EXHIBIT GPS-1

UNCLASSIFIED

THE SECRETARY OF STATE
WASHINGTON

245

May 25, 1983

~~SECRET~~/SENSITIVE

N 29458

MEMORANDUM FOR: THE PRESIDENT

FROM: George P. Shultz

SUBJECT: Managing Our Central America Strategy

I believe it is important to confirm for the record my understanding of the outcome of our discussion this morning.

Policy: We have an extremely difficult situation in Central America. There will be hard slogging ahead to achieve what we want to achieve. First of all, we need an effective shield to protect the Salvadoran democracy against the efforts of the rebels to destroy the government and the economy. We have to safeguard not only El Salvador but also the other Central American countries against the Nicaraguan virus. At the same time we have to win the struggle in our own country to help the American people understand the Soviet-Cuban-Nicaraguan threat to the whole region. And we have to obtain the support of the Congress. Although our influence in Salvador is probably waning because of the conditions imposed by the Congress, we must be able to be persuasive with the El Salvador government in bringing about those reforms in their system of justice necessary to win the support of the American people and the Congress. At the same time we must maintain pressure on the Nicaraguans to cease and desist from exporting their revolution to neighboring countries.

Though we must continue to strengthen the shield against the Salvadoran rebels and keep the pressure on Nicaragua, we cannot expect a military solution, at least in the next several years. In all likelihood the only way in which we can reestablish a peaceful Central America, free from foreign incursions into democratic countries, is by regional negotiations leading to a reciprocal and verifiable agreement in which the Nicaraguans come to terms with the need for them to mind their own business. At the same time, in forcing Nicaragua to the negotiating table, we must not sell out the Nicaraguan patriots who wish their government to live up to the promises of free elections and a pluralistic society made when the Sandinistas came to power.

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DECL: OADR

UNCLASSIFIED

POF 7-4
4/1/87
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Declassified/Released on 9 June 1987
under provisions of E.O. 12356
by B. Reger, National Security Council

1093

EXHIBIT
GPS-1

Within El Salvador we must be prepared to seek negotiations. But these negotiations must concern participation in a free electoral process and not negotiations with respect to power sharing.

Negotiations with either the Nicaraguans or the Salvadoran rebels will not be easy, because we will be dealing with people we don't like and don't trust. Moreover, we will not be able to achieve success unless we can show the Nicaraguans that they cannot defeat the anti-Sandinista forces in Nicaragua. Nor can we get the Salvadoran rebels to talk about free elections unless we are able to show them that they cannot win the military struggle and will probably lose it in the long run. Finally, in bringing about a reciprocal and verificable agreement, we have to be willing and able to deal effectively with major regional governments like Mexico.

Responsibility for Policy Implementation: These I understand to be your policies. I support them, and I accept the responsibility to carry them out. However, if I am to do so, we need, as I believe we all agreed at the meeting, to establish simple and straightforward management procedures. The present management situation is a mess and would not work even if the problems were simple. Therefore, what we discussed was that you will look to me to carry out your policies. If those policies change, you will tell me. If I am not carrying them out effectively, you will hold me accountable. But we will set up a structure so that I can be your sole delegate with regard to carrying out your policies.

Organizational Arrangements: What this means is that there will be an Assistant Secretary acceptable to you (and you and I have agreed on Tony Motley) who will report to me and through me to you. We will use Dick Stone as our negotiator, who, in coordination with Tony, will also report solely to me and through me to you. Similarly, there will be an interagency committee, but it will be a tool of management and not a decision-making body. I shall resolve any issues and report to you.

Ken Dam and Larry Eagleburger will work closely with me so that there will always be someone fully informed and able to act for me if I have to be away. Tony Motley will be our chief of staff responsible for pulling together all our work both within the State Department and within the government as a whole.

~~SECRET~~/SENSITIVE
DECL: OADR

Meanwhile, I shall keep you and Bill Clark and others in the White House fully informed at all times. I believe that it is important for the NSC or the NSPG to meet on a regular basis to review what we do and particularly to resolve any differences with respect to policy.

We all agree that we have to do much better in public diplomacy. We have to beef up our capacity here in the State Department, and we plan to do so. In addition, I believe that Faith Whittlesey could be very useful. But if she is to be useful and effective, her work too must be handled in the same way as operations and diplomacy. With respect to Central America, she will therefore work directly with Tony Motley. He and I in turn will be responsible for her work with regard to Central America.

With respect to personnel decisions in the Department of State, it will be important, with Tony Motley as a non-career Assistant Secretary, to have a full complement of deputies to him who are Foreign Service Officers or are otherwise fully familiar with the machinery of the U.S. Government and in particular the Department of State. We will, of course, consult with Presidential Personnel, but after full consultation, I would expect Tony Motley to have the dominant voice in making those personnel decisions.

Personnel: As an immediate step, I propose that the following assignments be made:

-- Ambassador Motley from Brazil to become Assistant Secretary for ARA;

APPROVE ____________ DISAPPROVE ____________

-- Ambassador Enders to become Ambassador to Spain;

APPROVE ____________ DISAPPROVE ____________

-- Ambassador Luers, last posted in Venezuela, to become Ambassador to Brazil.

APPROVE ____________ DISAPPROVE ____________

-- Since Enders will be going to Spain, it is important to decide Terence Todman's next assignment, which I understand is to be to Denmark.

APPROVE ____________ DISAPPROVE ____________

~~SECRET~~/SENSITIVE
DECL: OADR
UNCLASSIFIED

[illegible]

N 29461

All of these personnel as well as organizational decisions are to be made at once so that there is no ambiguity in anyone's mind that we are prepared to do what is necessary to carry out your Central America policies. We should go forward immediately, because your Central American policies can ill afford any delays in getting our new management system in effect.

I enclose an organizational chart and a draft National Security Directive embodying what we agreed on this morning.

Attachments:

Tab 1 - Organizational Chart.
Tab 2 - Draft NSDD.

~~SECRET~~/SENSITIVE
DECL: OADR

~~SECRET~~

N 29462

DRAFT NSDD

NATIONAL SECURITY DIRECTIVE NUMBER____________

CENTRAL AMERICA AND THE CARIBBEAN

Pursuant to NSDD 2, there is established a restricted Interagency Group (IG) to address policy formulation and execution as they relate to Central America and the Caribbean. The Secretary of State is responsible for the overall direction, coordination and supervision of the interdepartmental activities incident thereto.

The Interagency Group (IG) shall be headed by the Assistant Secretary of State for Inter-American Affairs and include representatives of the Secretary of Defense, the Chairman of the Joint Chiefs of Staff, the Director of Central Intelligence and the Assistant to the President for National Security Affairs. The President's Special Envoy for Central America shall also participate. The Interagency Group shall report to the Secretary of State.

The Interagency Core Group, the Central American Working Group and all other interagency organizations addressing Central American policy or operations are hereby disestablished. The Crisis Pre-Planning Group is relieved of its assignments in this area.

UNC

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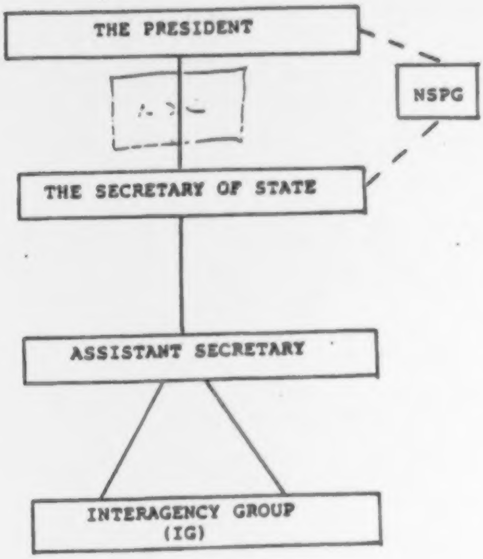
-DECL: OADR

N 29463

PROPOSED STRUCTURE


THE PRESIDENT
NSPG
THE SECRETARY OF STATE
ASSISTANT SECRETARY
INTERAGENCY GROUP
(IG)

UNCLASSIFIED

THE WHITE HOUSE
WASHINGTON

~~TOP SECRET~~

May 14, 1982

N 29464

MEMORANDUM FOR THE SECRETARY OF STATE
THE SECRETARY OF THE TREASURY
THE SECRETARY OF DEFENSE
THE DIRECTOR OF CENTRAL INTELLIGENCE
THE CHAIRMAN, JOINT CHIEFS OF STAFF

SUBJECT: Crisis Pre-Planning

National Security Decision Directive 3, Crisis Management, establishes the Special Situation Group (SSG), chaired by the Vice President. The SSG is charged, inter alia, with formulat plans in anticipation of crises. In order to facilitate this crisis pre-planning responsibility, a Standing Crisis Pre-Planning Group (CPPG) is hereby established.

The CPPG will be chaired by the Deputy Assistant to the Presi for National Security Affairs and will consist of senior repre sentatives of your agencies and of the Office of the Vice President. The CPPG will meet periodically in the White House Situation Room and will:

- Identify, to the extent possible, areas where US interests are at stake in which rising tensions or other circumstanc suggest the possible emergence of a crisis.

- For each potential crisis, insure that an interagency grou is established and developing contingency plans. Provide guidance to the group and task it with the preparation of preemptive policy options to prevent a crisis if possible well as the preparation of politico-military options for dealing with the eventual crisis.

- Present such plans and policy options to the SSG.

- Devise procedural measures, draft executive instruments ar identify resources essential to implement decisions by the President.

- Provide to the SSG, as crises develop, alternative plans c action/options and coordinated implementation plans that w permit successful resolution.

~~TOP SECRET~~
Review on May 6, 2002
Classified and Extended by WPClark
Reason: NSC 1.13(d)

~~TOP SECRET~~
U.

- Provide to the SSG, recommended security, cover, and media plans that will enhance the likelihood of successful execution. 29465

The first meeting of the CPPG is scheduled for Thursday,
May 20, 1982, in the White House Situation Room from 1000-12
Agencies are requested to provide the name of their CPPG rep
sentative to Oliver North, NSC Staff (Telephone: 395-3345) b
May 14, 1982. An agenda will be circulated prior to each
meeting. The agenda for the first CPPG meeting is attached.

FOR THE PRESIDENT

Bill Clark
William P. Clark

Attachment

Tab A - Agenda for May 20, 1982 Meeting

9.
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EXHIBIT GPS-1A

THE WHITE HOUSE
WASHINGTON

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29444

MEMORANDUM FOR THE HONORABLE GEORGE P. SHULTZ
The Secretary of State

SUBJECT: Managing Our Central American Strategy (S)

I have studied your thoughtful memorandum on this subject, dated May 25, 1983. Your judgments regarding our policy toward the region are correct when read within the framework of existing decision directives. So, too, is your assessment that implementation is the problem. (S)

Our national security interests in the region demand the most careful and cogent management and coordination that we can bring to bear. The institutional arrangements established in NSDD-2 are, I believe, appropriate to fulfill this requirement. They were specifically directed to ensure that the diplomatic, economic, military and intelligence aspects of our national security policy would be properly integrated in both their planning and implementation. NSDD-2 provides that the policy process will function through the IG, SIG, NSC framework. That seems to me to still be a good system, developed over several administrations. It provides that if the agencies agree at the IG level then the issue need not be elevated further, but that if there is disagreement, then it is raised to the SIG and if necessary through the NSC to me. (S)

The resources of the White House will, of course, be available to assist in this effort. Specifically, the White House Offices of Presidential Personnel and Public Liaison mentioned in your memo, report to and are supervised by the White House Chief of Staff's Office. I have asked Jim Baker to see that any activities or decisions of these offices affecting the implementation of Central American policy be coordinated closely with you or your designee through the NSC as has been our practice. (S)

2244

UNCLASSIFIED
Declassify on: OADR

Declassified/Released on 21 July 1987
under provisions of E.O. 12356
by B. Reger, National Security Council

EXHIBIT
GPS-1A

POF 7-3
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29445

Success in Central America will require the cooperative effort of several Departments and agencies. No single agency can do it alone nor should it. Still, it is sensible to look to you, as I do, as the lead Cabinet officer, charged with moving agressively to develop the options in coordination with Cap, Bill Casey and others and coming to me for decisions. I believe in Cabinet government. It works when the Cabinet officers work together. I look to you and Bill Clark to assure that that happens. (S)

UNCLASSIFIED

NSDD-2 STRUCTURE FOR CENTRAL AMERICA

29446

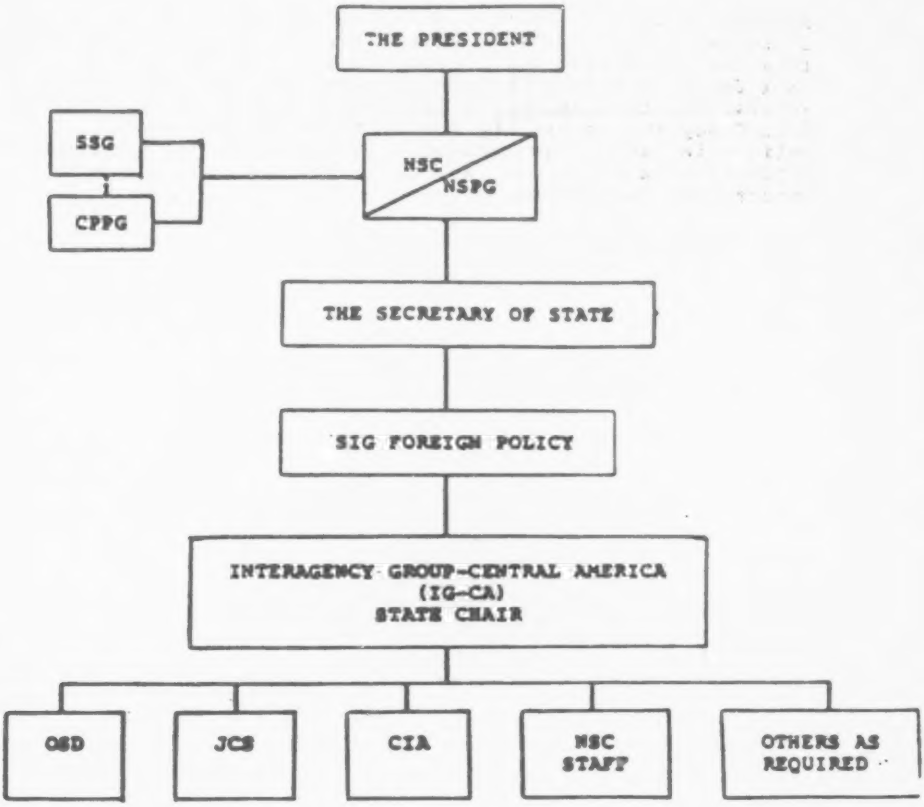
THE PRESIDENT
SSG
CPPG
NSC
NSPG
THE SECRETARY OF STATE
SIG FOREIGN POLICY
INTERAGENCY GROUP-CENTRAL AMERICA
(IG-CA)
STATE CHAIR
OSD
JCS
CIA
NSC STAFF
OTHERS AS REQUIRED

EXHIBIT GPS-1B

3

SYSTEM II
91066

THE SECRETARY OF STATE

WASHINGTON

215

UNCLASSIFIED

September 6, 1983

Partially Declassified/Released on [illegible]
under provisions of E.O. 12356
by S. Reger, National Security Council

MEMORANDUM FOR THE PRESIDENT

FROM: George P. Shultz GPS

SUBJECT: Central America Dialogue: Status and Prospects

This memorandum discusses U.S. objectives and prospects for advancing them through regional negotiations.

I. U.S. OBJECTIVES

Our broad objectives are: (1) an end to Nicaraguan support for revolutionary groups attempting to overthrow neighboring governments; (2) reduction and eventual termination of Nicaragua's security ties to Cuba and the Soviet bloc; (3) a stable military balance between Nicaragua and its neighbors; (4) respect for human rights and political democracy in all countries, including Nicaragua; and (5) the revitalization of Central America's economies.

To attain these objectives will require sustained U.S. efforts for some years. Any negotiated regional agreement could of necessity be only part of a process involving the continuing application of U.S. resolve and resources over time.

[redacted]

EXHIBIT
GPS-1B

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[illegible]

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3829

[redacted]

IV. U.S. STRATEGY

If we can continue to fund the *contras* (or, if necessary, alternative benefactors are found), negotiations can proceed at a measured pace with the U.S. in the background. [redacted]

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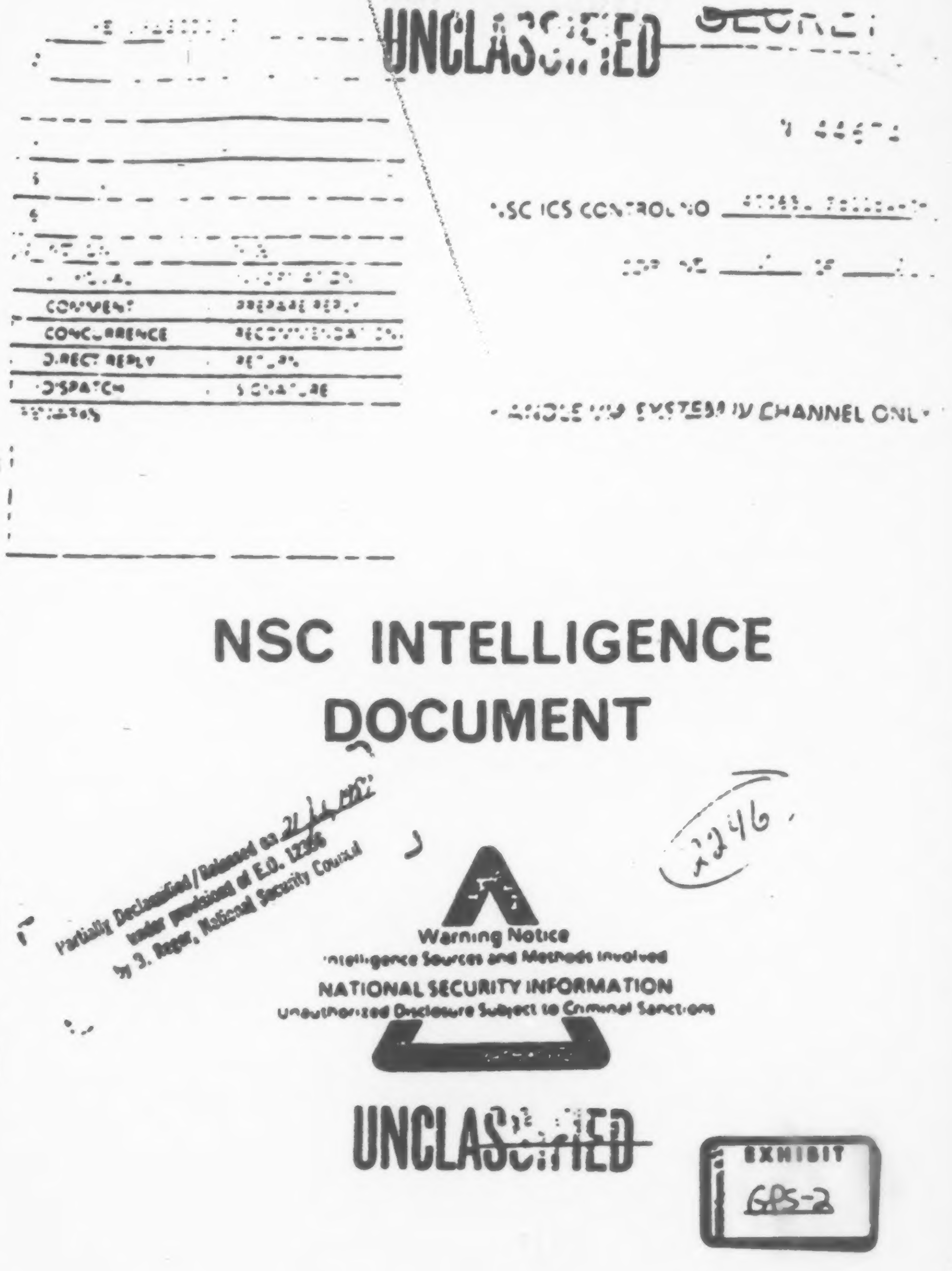
30830

[redacted]

cc: The Secretary of Defense
The Director of Central Intelligence

UNCLASSIFIED

Exhibit GPS-2



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NSC/ICS CONTROL NO [illegible]

COPY NO [illegible] OF [illegible]

COMMENT	PREPARE REPLY
CONCURRENCE	RECOMMENDATION
DIRECT REPLY	RETURN
DISPATCH	SIGNATURE

REMARKS

HANDLE VIA SYSTEM IV CHANNEL ONLY

NSC INTELLIGENCE DOCUMENT

Partially Declassified/Released on 21 Jul 1987
under provisions of E.O. 12356
by J. Reger, National Security Council

2246

Warning Notice
Intelligence Sources and Methods Involved
NATIONAL SECURITY INFORMATION
Unauthorized Disclosure Subject to Criminal Sanctions

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EXHIBIT
GPS-2

UNCLASSIFIED

THE WHITE HOUSE

WASHINGTON

~~SECRET~~/SENSITIVE

N 44675

9/17/83

ACTION

MEMORANDUM FOR THE PRESIDENT

FROM: WILLIAM P. CLARK

SUBJECT: Finding on Nicaraguan Covert Action

Attached for your signature is the new Finding on the Nicaraguan Covert Action program which was recommended by the NSPG today. It incorporates the changes presented at the meeting by the DCI as well as those suggested by Secretary Shultz.

The DCI and Secretary Shultz will brief the Finding to the Senate Intelligence Committee on Tuesday if you sign the Finding this weekend.

Recommendation

OK	NO	
✓	___	That you sign the Covert Action Finding at Tab A.

Attachment
Tab A Finding for Signature

2246a

Prepared by:
Kenneth deGraffenreid

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~~DECLASSIFY ON: OADR~~

UNCLASSIFIED

N 44575

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UNCLASSIFIED

N 44677

Finding Pursuant to Section 662 of The Foreign Assistance Act of 1961 As Amended, Concerning Operations Undertaken by the Central Intelligence Agency in Foreign Countries, Other than Those Intended Solely for the Purpose of Intelligence Collection

I hereby find that the following activities are important to the national security of the United States, and direct the Director of Central Intelligence, or his designee, to report this Finding to the Intelligence Committees of the Congress pursuant to Section 501 of the National Security Act of 1947, as amended, and to provide such briefings as necessary.

SCOPE	PURPOSE
NICARAGUA	[redacted] provide support, equipment and training assistance to Nicaraguan paramilitary resistance groups as a means to induce the Sandinistas and Cubans and their allies to cease their support for insurgencies in the region; to hamper Cuban/Nicaraguan arms trafficking; to divert Nicaragua's resources and energies from support to Central American guerrilla movements; and to bring the Sandinistas into meaningful negotiations and constructive, verifiable agreement with their neighbors on peace in the region.

[redacted]

ALL PORTIONS OF THIS DOCUMENT
ARE CLASSIFIED SECRET

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N 44678

[redacted]

-2-

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[illegible]

The Director of Central Intelligence is directed to ensure that this program is continuously reviewed to insure that its objectives are being met and its restrictions adhered to.

Ronald Reagan

The White House
Washington, D.C.

Date:

S E C R E T

EXHIBIT GPS–3

UNCLASSIFIED

THE WHITE HOUSE

WASHINGTON

SYSTEM IV
NSC/ICS-400215

N 16353
SENSITIVE

~~SECRET~~

March 11, 1985

EXHIBIT
GPS-3

MEMORANDUM FOR THE HONORABLE GEORGE P. SHULTZ
The Secretary of State

THE HONORABLE CASPAR W. WEINBERGER
The Secretary of Defense

THE HONORABLE WILLIAM J. CASEY
The Director of Central Intelligence

GENERAL JOHN W. VESSEY, JR.
The Chairman, Joint Chiefs of Staff

SUBJECT: Assisting Progress toward Democracy (C)

During my brief stop in [redacted] made a convincing case for their commitment to democracy. They also noted their critical need for relatively small amounts of security assistance, economic aid, and support for their struggling agricultural sector. (C)

In recent weeks, there appears to have been an increase in guerrilla attacks and subversion. It is entirely likely that we will see more polarizing activity of this kind as the elections approach. Unless the Army has adequate support, certain elements may use the guerrilla action as a reason to defer elections or to justify counter-productive, repressive measures. Unfortunately, the Congress only provided in FY-85 IMET funds from the Administration's security assistance request. While the FY-86 request for in security assistance provides hope for the future, it would seem that we need to look for ways in which we can help between now and their elections. (S)

It is, therefore, requested that State take the lead in developing imaginative alternatives can be provided with assistance to improve their security situation. We should consider [redacted] as well as activities by other U.S. agencies which could have a positive effect on internal security conditions.

Our goal in all of this should be to provide all possible assistance to progress toward democracy. (S)

Robert C. McFarlane

Robert C. McFarlane

artial, Declassified / Released on 5 May 1987
under provisions of E.O. 12356
by D. Reger, National Security Council

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Declassify: OADR

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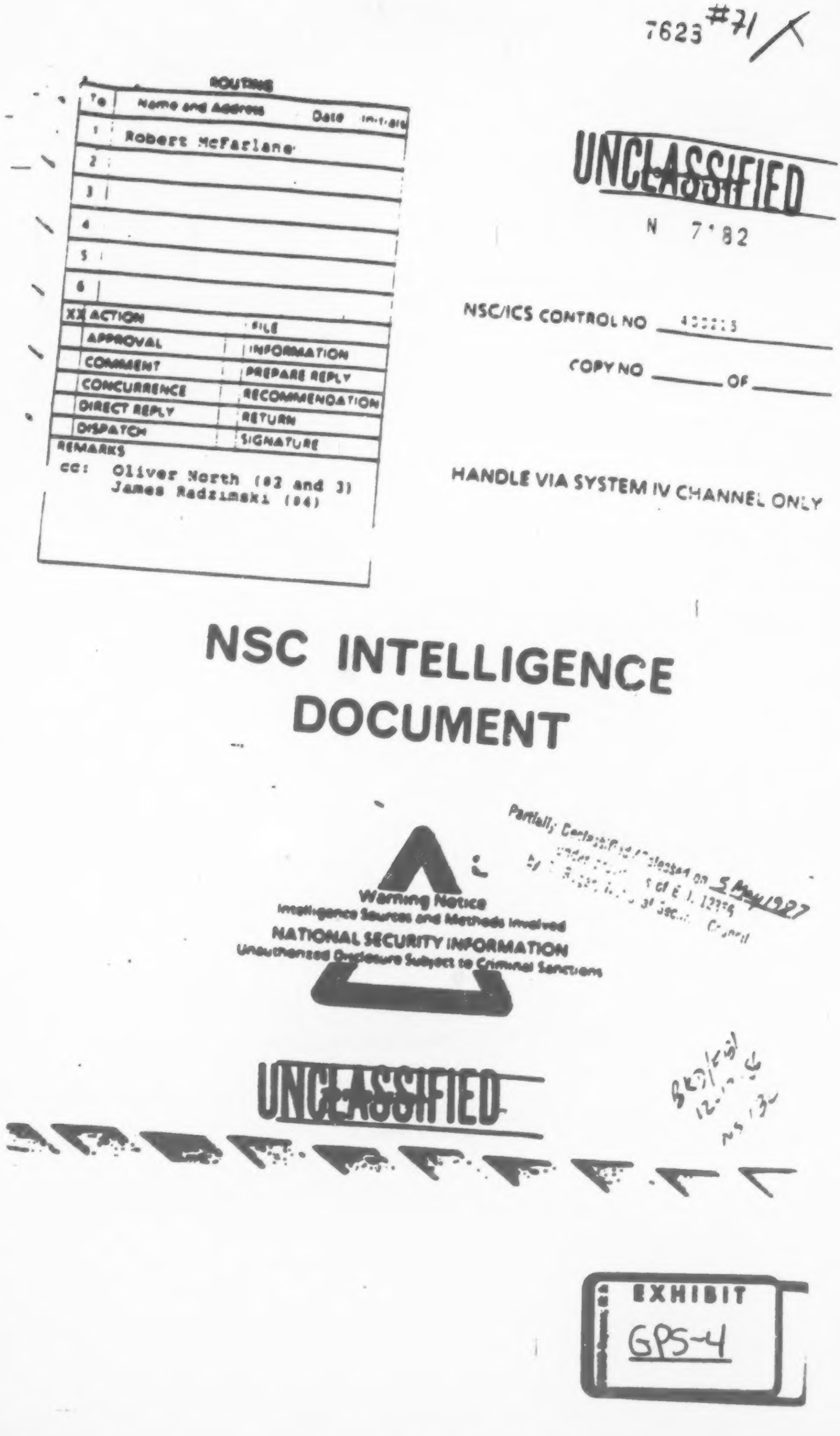
SENSITIVE

EXHIBIT GPS-4



7623 #71

ROUTING

To	Name and Address	Date	Initials
1	Robert McFarlane		
2			
3			
4			
5			
6			

XX	ACTION	FILE
	APPROVAL	INFORMATION
	COMMENT	PREPARE REPLY
	CONCURRENCE	RECOMMENDATION
	DIRECT REPLY	RETURN
	DISPATCH	SIGNATURE

REMARKS

cc: Oliver North (#2 and 3)
James Radzimski (#4)

UNCLASSIFIED

N 7 '82

NSC/ICS CONTROL NO [illegible]

COPY NO ______ OF ______

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NSC INTELLIGENCE DOCUMENT

Partially Declassified/Released on 5 May 1987
under [illegible] of E.O. 12356
by [illegible] Security Council

Warning Notice
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EXHIBIT
GPS-4

N 7183

National Security Council
The White House

UNCLASSIFIED

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Package # –

1621

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Bob Pearson			
Bob Kimmitt	1	K	
John Poindexter			
Paul Thompson			
Wilma Hall	3		
Bud McFarlane	4	M	A
Bob Kimmitt			
NSC Secretariat			
Situation Room			

I = Information A = Action R = Retain D = Dispatch N = No further

cc: VP Meese Regan Deaver Other ______

COMMENTS

Should be seen by: ______
Date/Time

Partially Declassified/Released on 5 May 1987 under provisions of E.O. 12356 by [illegible] Reger, National Security Council

Briefing Figures (Donor reporting)

Insert

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MEMORANDUM

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NATIONAL SECURITY COUNCIL

SYSTEM IV
NSC/ICS-400215

N 7184

March 5, 1985

~~TOP SECRET~~

ACTION

[illegible] 5 May 1987
[illegible] 12356
[illegible] Council

MEMORANDUM FOR ROBERT C. MCFARLANE

FROM: OLIVER L. NORTH

SUBJECT: [redacted] Aid to the Nicaraguan Resistance

Attached at Tab I is a memo from you to Secretaries Shultz and Weinberger, Director Casey, and General Vessey asking for their views on increased U.S. assistance [redacted] Your memo is cast as suggestion which derives from trip to the region.

The real purpose of your memo is to find a way by which we can compensate the [redacted] the extraordinary assistance they are providing to the Nicaraguan freedom fighters. At Tab II are end-user certificates which the [redacted] provided for the purchase of nearly $8M worth of munitions to be delivered to the FDN. These nine documents are a direct consequence of the informal liaison we have established [redacted] and your meeting with he and [redacted]. The ammunition and weapons identified in these documents will be delivered in several shipments (2 by aircraft and 1 by sea) starting on or about March 10, 1985. [redacted] All shipments will be delivered [redacted] be receipted for [redacted] FDN representatives at [redacted], and turned over to [redacted] on arrival. Adolfo is convinced, and I agree, that [redacted] have not removed or withheld any equipment/munitions from the FDN deliveries which have occurred to date.

During one of the meetings [redacted] in which the process above was arranged, one of [redacted] presented a "wish list" of items which they desperately need in order to prosecute their war against the Cuban-supported guerrillas. A copy of the list is attached at Tab III. Each of the items identified are in priority within four principal categories: Aircraft, Ground Forces Equipment, Weapons and Munitions, and Non-Tactical Military Equipment.

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N 7185

Your memo at Tab I does not refer to the arrangements which have been made for supporting the resistance through [redacted] It does, however, urge that we take steps now to improve their situation. Once we have approval for at least some of what they have asked for, we can ensure that the right people in [redacted] understand that we are able to provide results from their cooperation on the resistance issue.

RECOMMENDATION

That you sign and transmit the memo at Tab I.

Approve ✓ Disapprove ____

Attachments
- Tab I - McFarlane Memo to Shultz/Weinberger/Casey/Vessey
- Tab II - [redacted] End-User Certificates
- Tab III - [redacted] Military Equipment Requirements

UNCLASSIFIED

N 7186

UNCLASSIFIED

THE WHITE HOUSE

WASHINGTON

SYSTEM IV
NSC/ICS-400215

~~SECRET~~

March 11, 1985

N 7187
SENSITIVE

MEMORANDUM FOR THE HONORABLE GEORGE P. SHULTZ
The Secretary of State

THE HONORABLE CASPAR W. WEINBERGER
The Secretary of Defense

THE HONORABLE WILLIAM J. CASEY
The Director of Central Intelligence

GENERAL JOHN W. VESSEY, JR.
The Chairman, Joint Chiefs of Staff

SUBJECT: Assisting Progress toward Democracy (C

During my brief stop in [redacted] made a convincing case for their commitment to democracy. They also noted their critical need f relatively small amounts of security assistance, economic aid, and support for their struggling agricultural sector. (C)

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It is, therefore, requested that State take the lead in developing imaginative alternatives can be provided with assistance to improve their security situation. should consider as we as activities by other U.S. agencies which could have a positive effect on internal security conditions.

Our goal in all of this should be to provide all possible assistance to progress toward democracy. (S)

Robert C. McFarlane
Robert C. McFarlane

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under provisions of E.O. 12356
by [illegible] Reger, National Security Council

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Declassify: OADR

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N 7188

UNCLASSIFIED

N 7

S/r.

[illegible]

14 de febrero de 1,98

Señores:
ENERGY RESOURCES INTERNATIONAL
440 Maple Ave. East
Viena, Va., 22180.

Señores:

Nos dirigimos a ustedes, para manifestarles que por te medio estamos extendiendo CERTIFICACION DE DESTINO FI por DIEZ MIL (10,000) rifles automáticos, los cuales serí destinados para uso exclusivo del Ejército de no serán reexportados ni vendidos a otro país, siendo [redacted] el destino final.

Sin otro particular, aprovecho la oportunidad para cribirme atentamente.

N 7[illegible]

UNCLASSIFIED

CERTIFICACION DE DESTINO FINAL

1ª de febrero de 1,985.

Señores:
ENERGY RESOURCES INTERNATIONAL
440 Maple Ave. East
Viena, Va., 22180.

Señores:

Nos dirigimos a ustedes, para manifestarles que por este medio estamos extendiendo CERTIFICACION DE DESTINO FI por DIEZ MIL (10,000) libras de explosivo (HE) - C4 o TN UN MIL QUINIENTOS (1,500) detonadores variados, los cuale serán destinados para uso exclusivo del Ejército de [redacted] y no serán reexportados ni vendidos a otro país, sien el destino final.

Sin otro particular, aprovecho la oportunidad para s cribirme atentamente.

UNCLASSIFIED

[redacted]

N 7191

CERTIFICACION DE DESTINO FINAL

14 de febrero de 1,98

S. Iores:
ENERGY RESOURCES INTERNATIONAL
440 Maple Ave. East
Viena, Va., 22180.

Señores:

Nos dirigimos a ustedes, para manifestarles que por
te medio estamos extendiendo CERTIFICACION DE DESTINO FI
del material que a continuación se detalla, el cual será
tinado para uso exclusive del Ejército de y no
rá reexportado ni vendido a otro país, siendo e
destino final:

A. 150 ametralladoras
B. 150 morteros de 60mm. -completos-.
C. 100 morteros de 81mm. -completos-.
D. 150 lanzagranadas M-79
E. -30 fusiles sin retroceso de 57mm.

Sin otro particular, aprovecho la oportunidad para
eribirme atentamente.

UNCLASSIFIE

[redacted]

[illegible]

N 719

CERTIFICACION DE DESTINO FINAL

, 14 de febrero de 1,985.

Señores:
ENERGY RESOURCES INTERNATIONAL
440 Maple Ave. East
Viena, Va., 22180.

Señores:

Nos dirigimos a ustedes, para manifestarles que por este medio estamos extendiendo CERTIFICACION DE DESTINO FINAL del material que a continuación se detalla, el cual será destinado para uso exclusivo del Ejército de y no será reexportado ni vendido a otro país, siendo el destino final:

A. 10,000 granadas M-79.
B. -3,000 granadas de 60mm.
C. -2,000 granadas de 81mm.

Sin otro particular, aprovecho la oportunidad para s cribirme atentamente.

UNCLASSIFIED

[redacted]

[illegible] N 7193

CERTIFICACION DE DESTINO FINAL

[redacted] 14 de febrero de 1,985.

Señores:
ENERGY RESCURCES INTERNATINAL
440 Maple Ave. East
Viena, Va., 22180.

Señores:

Nos dirigimos a ustedes, para manifestarles que por este medio estamos extendiendo CERTIFICACION DE DESTINO FINAL del material que a continuación se detalla, el cual será destinado para uso exclusive del Ejército de [redacted] y no será reexportado ni vendido a otro país, siendo [redacted] el destino final:

A. 3,000 granadas RPG-7.
B. --100 lanzagranadas RPG-7.

Sin otro particular, aprovecho la oportunidad para suscribirme atentamente.

UNCLASSIFIED

[redacted]

[redacted]

UNCLASSIFIED N 71

CERTIFICACION DE DESTINO FINAL

14 de febrero de 1,985.

Señores:
ENERGY RESOURCES INTERNATIONAL
440 Maple Ave. East
Viena, Va., 22180.

Señores:

Nos dirigimos a ustedes, para manifestarles que por este medio estamos extendiendo CERTIFICACION DE DESTINO FINA por DOS MIL (2,000) minas anti-personales y UN MIL (1,000) minas anti-tanque, las cuales serán destinadas para uso exclusivo del Ejército de y no serán reexportadas ni vendidas a otro país, siendo el destino final

Sin otro particular, aprovecho la oportunidad para suscribirme atentamente.

UNCLASSIFIED

[redacted]

N 719

CERTIFICACION DE DESTINO FINAL:

14 de febrero de 1,985.

Señores:
ENERGY RESOURCES INTERNATIONAL
440 Maple Ave. East
Viena, Va., 22180.

Señores:

Nos dirigimos a ustedes, para manifestarles que por este medio estamos extendiendo CERTIFICACION DE DESTINO FINA por TRES MIL (3,000) LAW ROCKETS, que vienen destinados para uso exclusivo del Ejército de y no serán reexportados ni vendidos a otro país, siendo el destino final.

Sin otro particular, aprovecho la oportunidad para suscribirme atentamente.

UNCLASSIFIED

[redacted]

[illegible]

N 71

CERTIFICACION DE DESTINO FINAL

14 de febrero de 1.985.

Señores:
ENERGY RESOURCES INTERNATIONAL
440 Maple Ave. East
Viena, Va., 22180.

Señores:

Nos dirigimos a ustedes, para manifestarles que por te medio estamos extendiendo CERTIFICACION DE DESTINO FI por DIEZ (10) lanzacohetes tierra-aire y CINCUENTA (50) a les tierra-aire, los cuales vienen destinados para uso ex sivo del Ejército de .y no serán reexportados ni vendidos a otro país, siendo el destino final.

Sin otro particular, aprovecho la oportunidad para cribirme atentamente.

UNCLASSIFIED

N 7:

MILITARY EQUIPMENT REQUIREMENTS

N 7

The following military equipment and services have been identified as the highest priority Army in combatting the Communist guerrillas. They are listed in seque of highest to lowest need within each category.

Aircraft:

-- New or refurbished helicopters and spare parts for exist inventory.

-- Spare parts for fixed wing cargo aircraft.

-- New or refurbished ground attack aircraft and spare part for existing inventory.

-- New trainer aircraft and related spare parts.

Ground Forces Equipment:

-- Communications equipment, including secure voice system

-- Various vehicles for troop and logistical transport.

-- Engineering equipment, including bulldozers, road-grader and survey instruments.

Weapons and Munitions:

-- Light and medium weapons, including M-16 rifles, M-60 machine guns, pistols (9mm and .45 caliber), 81mm and 6 mortars, and 90mm recoilless rifles.

-- Ground force munitions, including mortar, recoilless rif and artillery rounds, assorted mines and explosives, and 7.62 x 51 linked ammunition, plus hand grenades.

-- Aerial munitions, including 200 and 500 pound bombs and inch rockets with appropriate warhead mixes.

Additional Non-Tactical Supplies and Equipment:

-- Field hospital equipment, general medical supplies, and training for paramedics.

-- Tactical radars for use in detecting border infiltratio

5 May 1982

UNCLASSIFIED

[redacted]

N 7

s/r.

CERTIFICACION DE DESTINO FINAL

[redacted] 14 de febrero de 1985.

Señores ENERGY RESOURCES INTERNATIONAL
440 Maple Ave. East
Viena, Va., 22180.

Señores:

Nos dirigimos a ustedes, para manifestarles que por este medio estamos extendiendo CERTIFICACION DE DESTINO FINAL por CINCO MILLONES (5.000,000) de cartuchos Ball Ammo, calibre 7.62mm., los cuales serán destinados para uso exclusivo del Ejército de [redacted] y no serán reexportados ni vendidos a otro país, siendo [redacted] el destino final.

Sin otro particular, aprovecho la oportunidad para suscribirme de ustedes atentamente.

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EXHIBIT GPS-5

S000017

[redacted]

[illegible] JUN 85 ZFF4
FM USDEL SECRETARY [illegible]
TO WHITEHOUSE WASHDC IMMEDIATE [illegible]

[redacted]

FOR [illegible] PLATT ONLY FROM [illegible]

EXHIBIT
GPS-5

SUBJECT: MICHAEL LEDEEN IN ISRAEL

1. PLEASE GET FOLLOWING TYPED AND HANDCARRIED EYES ONLY TO BUD MCFARLANE AS "BACKCHANNEL" FROM THE SECRETARY. BEGIN TEXT. BUD:

2. I HAVE LEARNED FROM EMBASSY TEL AVIV THAT MICHAEL LEDEEN HAS BEEN IN ISRAEL RECENTLY, REPORTEDLY PURSUING THE POSSIBILITY OF GETTING US ACCESS TO ISRAEL INTEL SOURCES FROM THEIR NETWORK OF SOURCES WITHIN IRAN. I DO NOT KNOW THE FACTS ABOUT THIS BUT I AM TOLD THAT YOU DO AND I WANTED TO GIVE YOU MY INITIAL REACTIONS.

3. ON ITS FACE SUCH AN ARRANGEMENT POSES SUBSTANTIVE PROBLEMS IN MY OPINION. THE ISRAELIS FOR DECADES [redacted] THIS MAY OR MAY NOT BE A WISE STRATEGY BUT IT IS NOT OUR STRATEGY. ISRAEL'S RECORD OF DEALINGS WITH IRAN SINCE THE FALL OF THE SHAH AND DURING THE HOSTAGE CRISIS [illegible]

Partially Declassified/Released on 5/6/87
under provisions of E.O. 12356
by [illegible] National Security Council

#107

Department of State

S000018

PAGE 02 OF 02 [redacted] [redacted] [redacted] [redacted]

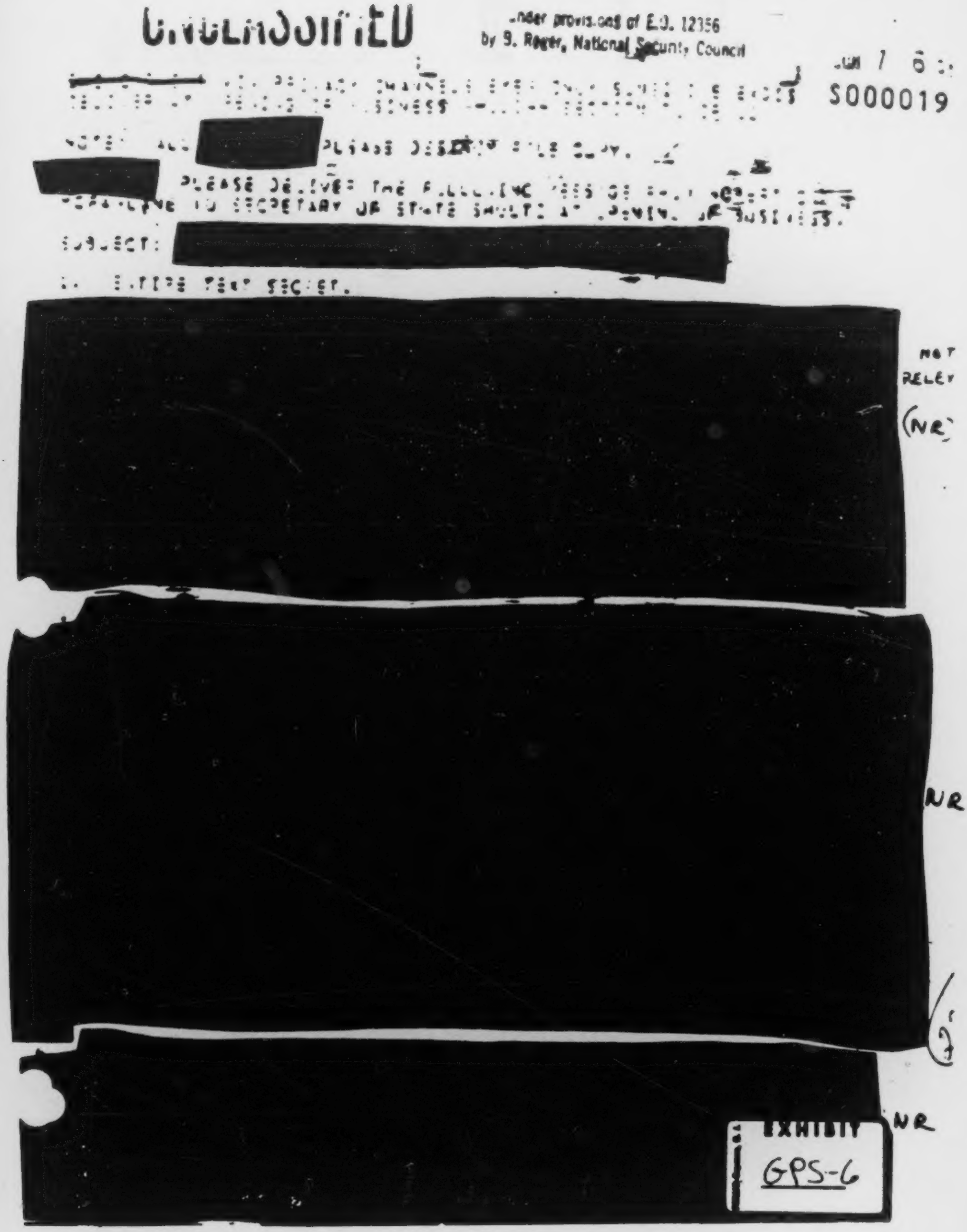
THAT ISRAEL'S AGENDA IS NOT THE SAME AS OURS. CONSEQUENTLY, I DOUBT WHETHER AN INTELLIGENCE RELATIONSHIP SUCH AS THAT LEDEEN APPARENTLY HAS IN MIND WOULD BE ONE WHICH WE COULD FULLY RELY UPON AND IT COULD SERIOUSLY SKEW OUR OWN PERCEPTION AND ANALYSIS OF THE IRANIAN SCENE. WE OF COURSE ARE INTERESTED TO KNOW WHAT ISRAEL THINKS ABOUT IRAN, BUT WE SHOULD TREAT IT AS HAVING A BIAS BUILT IN.

SECOND, I BELIEVE IT IS DELETERIOUS TO ENCOURAGE OR EVEN MERELY ACQUIESCE IN SOMEONE LIKE MR. LEDEEN UNDERTAKING A MISSION SUCH AS THIS WITHOUT OUR AMBASSADOR IN ISRAEL BEING INFORMED. THE RESULTS ARE PREDICTABLE. THE EMBASSY DOES NOT COVER HIS TRACK, RUMORS START, AND THE PRESIDENT'S REPRESENTATIVE ON THE SCENE APPEARS TO LACK THE CONFIDENCE OF THE WHITE HOUSE OR, IN THE WORST CASE, IS MERELY MADE TO LOOK FOOLISH.

FINALLY, I PERSONALLY AM UNHAPPY TO LEARN OF THIS MATTER AS I HAVE. EMBASSY TEL AVIV WAS TOLD BY THE ISRAELI MINISTRY OF DEFENSE THAT RABIN WOULD RAISE THE LEDEEN "REQUEST" WHEN RABIN WAS IN WASHINGTON. HE DID NOT DO SO, AT LEAST NOT WITH ME. ALL IN ALL, I AM MYSTIFIED ABOUT THE WAY THIS THING HAS BEEN HANDLED AND AM CONCERNED THAT IT CONTAINS THE SEEDS OF FURTHER EMBARRASSMENT AND SERIOUS ERROR UNLESS STRAIGHTENED OUT QUICKLY. I WOULD APPRECIATE HEARING FROM YOU WHAT YOU KNOW ABOUT IT. SHULTZ

Partially Declassified/Released on 5/6/87
under provisions of E.O. 12356
by [illegible] Reger, National Security Council

Exhibit GPS-6



UNCLASSIFIED

Under provisions of E.O. 12356
by S. Reger, National Security Council

JUN 7 [illegible]

[illegible] CHANNEL [illegible] S000019
[illegible] BUSINESS [illegible]

NOTE: ALL [redacted] PLEASE DESTROY FILE COPY.

[redacted] PLEASE DELIVER THE FOLLOWING [illegible] TO SECRETARY OF STATE SHULTZ AT OPENING OF BUSINESS.

SUBJECT: [redacted]

1. ENTIRE TEXT SECRET.

[redacted]

NOT RELEV

(NR)

[redacted]

NR

[redacted]

NR

EXHIBIT
GPS-6

[redacted]

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UNCLASSIFIED S000021

[redacted]

NR

[redacted]

NR

9. P.S. I RECEIVED YOUR CABLE CONCERNING ISRAEL. I SUPPOSE I AM A LITTLE DISAPPOINTED IN ITS PREJUDGMENTS. BE THAT AS IT MAY, THE FACTS IN SUM ARE: THE GOI POSED THE QUESTION OF POSSIBLE COOPERATION TO THE VISITOR WHO WAS THERE ON HIS OWN HOOK. HE PASSED IT TO ME LAST WEEK. I HAD INTENDED TO TALK TO YOU ABOUT IT, BUT TIME DID NOT PERMIT BEFORE YOU LEFT TOWN. BASICALLY, I INTEND NOW TO SEND UNEQUIVOCAL INSTRUCTIONS THAT WE HAVE NO INTEREST AT ALL. I MUST TELL YOU THAT I AM NOT CONVINCED THAT THAT IS WISE. THE STATE OF OUR INTELLIGENCE ON THE COUNTRY IN QUESTION IS DEPLORABLE, AND SURELY WE OUGHT TO BE SENSIBLE ENOUGH TO DISCERN BETWEEN INTELLIGENCE AND SELF-SERVING FILTRATION. BUT BE THAT AS IT MAY, I AM TURNING IT OFF ENTIRELY (AND, OF COURSE, WOULD NEVER HAVE TURNED IT ON WITHOUT TALKING TO YOU).

WARM REGARDS,
BUD

298
82345

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EXHIBIT GPS-7

THE SECRETARY OF STATE
WASHINGTON

NO. 4020/0

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~~SECRET~~

June 29, 1985

NSC - Robert C. McFarlane

Bud,

My comments on the draft NSDD on Iran are attached.

Partially Declassified/Released on 21 Jul, 1987
under provisions of E.O. 12
by B. Reger, National Sec

2249

Attachment:

U.S. Policy Toward Iran: Comment on Draft NSDD

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~~TOP SECRET~~
DECL: OADR

EXHIBIT
GPS-7

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U.S. Policy Toward Iran: Comment on Draft NSDD

The strategic importance of Iran and the value of reassessing our policy toward it are clear. The draft NSDD constructively and perceptively addresses a number of the key issues. I disagree, however, with one point in the analysis and one specific recommendation.

The political dynamics in Iran are in flux and poorly understood, but the draft NSDD appears to exaggerate current anti-regime sentiment and Soviet advantages over us in gaining influence. Most importantly, its proposal that we permit or encourage a flow of Western arms to Iran is contrary to our interest both in containing Khomeinism and in ending the excesses of this regime. We should not alter this aspect of our policy when groups with ties to Iran are holding US hostages in Lebanon. I, therefore, disagree with the suggestion that our efforts to reduce arms flows to Iran should be ended. If the NSDD is revised to reflect this concern, I would like to see the draft again before it is put in final form. If it would be helpful, I could ask one of our senior officers familiar with this issue to work directly with the NSC staff on the suggested revisions.

The steady decline of Iran's military capability is in our interest, and we should not facilitate the supply of weapons from Western Europe that would revive that military capacity. Arms supplies from the West are not likely to retard Iranian overtures to the Soviets but could ironically prolong the Iran-Iraq war. Given the disparity in size between Iran and Iraq, this could ultimately mean an Iranian victory, and a fresh burst of energy for anti-Americanism throughout the region.

Also, in light of our experience with restraining arms flows, it is unlikely that we could loosen the restrictions without the flow becoming uncontrolled. If other Western countries sell arms they will do so primarily for commercial motives and with little ability or inclination to regulate their sales or to use them for carefully developed political purposes. For us to be seen as bolstering the Iranian ability to continue the war would be a shock to Saudi Arabia, the GCC

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under provisions of E.O. 12356
by B. Reger, N[illegible]

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states, and Iraq. It is Iran's refusal to end the war with Iraq which both keeps alive the threat of a victory over Iraq and is driving the Iranian regime to make overtures to the USSR. We need the war wound down, if not formally ended.

The inherent limits on the Iranian-Soviet relationship are underplayed in the NSDD draft. Iranians have a deep historical mistrust of the USSR. The Iranian feelers to the Soviets are for arms and for limitations on Soviet arms supplies to Iraq: the Iranians do not seek a close relationship. Even if more Soviet arms were available, translating that relationship into substantial political influence would not be automatic, and would be resisted by powerful elements within Iran.

The Soviets, while conscious of the strategic prize Iran constitutes, have other important regional relations and interests which may explain their cautious replies to Iran. [redacted] Nonetheless, some improvement in Iranian-Soviet relations should probably be expected. It is useful to recall that Iranian-Soviet relations under the Shah were closer and more cooperative than they are now.

[redacted] There is nothing wrong with communicating our continued willingness to have correct relations, but it is imperative that they understand that such improvements are impossible so long as they lend support to terrorist activities in Lebanon and elsewhere.

Hints of possible improvements in Iranian-Soviet relations are worrisome, and should give added impetus to our fundamental policy goal: seeing the Iran-Iraq war wind down. Maintaining international pressure on Iran to change its war policy is the key to reducing the incentives for an Iranian rapprochement with the Soviets. Nevertheless, we should not leave Iran with only a Soviet option. Therefore, we should follow a two track policy: continue to restrain arms flows and to support efforts to mediate, as a way to end the fighting, while also encouraging the [redacted] to broaden their commercial contacts to reduce Iran's isolation and to offer an alternative to the Soviets.

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[redacted]

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EXHIBIT GPS-8

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Department of State

S/S-O
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PAGE 02 OF 03 STATE 215238 CBS/19 003272 N00751
ORIGIN NODS-00

INFO LOG-00 ADS-00 /000 R

DRAFTED BY: NEA/NGA: APBURLEIGH: APB
APPROVED BY: NEA: ALRAPHEL
CIA/DDO [redacted] [redacted] (cw) EUR: THILES
P: SJOHNSON
S/S: JCOLLINS S/S-O: RPACE
------------------155601 132222Z /12
O 132219Z JUL 85 ZFF6
FM SECSTATE WASHDC
TO [redacted] IMMEDIATE

~~SECRET~~ STATE 215238

Partially Declassified/Released on ____
under provisions of E.O. 12356
by B. Reger, National Security Council

NODIS
E.O. 12356: DECL: OADR
TAGS: PREL, PINS, IR, US
SUBJECT: POSSIBLE IRANIAN CONTACT VIA CYRUS HASHEMI

REF: BONN 19735

1. ~~SECRET~~ - ENTIRE TEXT.

2. THE FOLLOWING INFORMATION MAY BE USED TO UPDATE THE [redacted] IF YOU DEEM THAT NECESSARY. WE HAVE CONSULTED WITH FRIENDLY SERVICES TO GET ADDITIONAL BACKGROUND ON THE TWO IRAN OFFICIALS WHO HAVE BEEN SUGGESTED AS INTERLOCUTORS BY HASHEMI. RESULTS OF THESE QUERIES FROM US HAVE YIELDED THE FOLLOWING INFORMATION WHICH WE CONSIDER AUTHORITATIVE.

2240

3. [redacted] IS AN IMPORTANT OFFICIAL [redacted]

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EXHIBIT
GPS-8

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Department of State

S/S-O
OUTGOING

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[redacted] AS SUCH, IMPORTANT IN IRANIAN OPERATIONS AGAINST "COUNTER-REVOLUTIONARIES". [redacted] INTELLIGENT AND FLEXIBLE ON TACTICS, THOUGH A THOROUGHLY COMMITTED FUNDAMENTALIST. HE IS THOUGHT TO BE EQUALLY ILL-DISPOSED TO THE U.S. AND U.S.S.R. [redacted]

4. THE SECOND NAME SUPPLIED BY HASHEMI, MANOCHEHR GORBANEFAR, IS WELL-KNOWN TO THE USG AS A TALENTED FABRICATOR. HE IS THE OSTENSIBLE MFA OFFICIAL DESCRIBED BY HASHEMI AS A RANKING INTELLIGENCE OFFICER.

5. HASHEMI HAS BEEN TOLD BY THE USG THIS WEEKEND THAT WE ARE PREPARED TO RECOMMEND TO [redacted] THAT THEY MEET WITH [redacted] BUT NOT GORBANEFAR. IF THAT IS NOT AGREEABLE TO THE IRANIANS, AND THEY INSIST THAT GORBANEFAR PARTICIPATE IN THE MEETING WITH [redacted] WE WILL AGREE. BUT WE WILL NOT AGREE TO A GORBANEFAR MEETING FIRST, TO BE FOLLOWED BY A MEETING WITH BOTH IRANIANS (AS PROPOSED BY THEM, SEE STATE 206377).

6. AS SOON AS WE HEAR WHETHER THIS APPROACH IS ACCEPTABLE TO THE IRANIANS, WE WILL BE BACK IN TOUCH WITH [redacted] ARMACOST

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EXHIBIT GPS-9

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N 18906

EXHIBIT
GPS-9

FROM: The White House

TO: The Secretary of State's Aircraft

Please deliver the following message from Bud McFarlane to Secretary Shultz personally and to no other for him. It must repeat must be opened by the Secretary only. If it is not posible to do so, then so advise this station.

2250

SUBJECT: Israeli-Iranian Contact

1. Top Secret Entire Text.

2. This message is for you only and until we can exchange thoughts on it, I would request that it not be shared with anyone. It concerns a proposal by an Iranian official endorse by the Government of Israel. It has a short term and a long te dimension to it. The short term dimension concerns the seven hostages; the long term dimension involves the establishment of private dialogue with Iranian officials on the broader relation

3. It may perhaps first be useful to provide some background o how this matter came to my attention. Today, I received a private emissary who asked to convey a message from Prime Minist Peres. Reduced to its essentials, the oral message expressed th Israeli position that their access to Iranian officials (which became clear has involved extensive dialogue for some time) had surfaced serious interest among authoritative persons in the Iranian hierarchy in opening a dialogue with the west. A month or so ago, the Israelis surfaced this interest in a Peres sessi with Michael Ledeen who reported it to me. Separately, Rabin

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[illegible]ly Declassified/Released on 21 July 1987
under provisions of E.O. 12356
by B. Reger, National Security Council

reported the contact to Sam Lewis and he to you. Ledeen had been in Israel on his own and without any sponsorship from me but he did report the contact. I was awaiting a chance to report it to you when Sam's report reached you and following your stated disinclination, I told Ledeen to state tersely to whomever he dealt with that we did not favor such a process. He did so.

4. Last week, during David Kimche's visit, he asked for 10 minutes with me following a larger meeting. Kimche [redacted] that they were puzzled by our disinclination and that he was instructed to determine its accuracy. I stated flatly that we could not undertake such a dialogue (or trialogue) at this time. David did not amplify in any degree as to what they intended but clearly understood my flat turndown. He asked again [redacted] that I raise it with appropriate authorities and reconfirm it. I committed to do so but frankly thought it could wait until your trip and some of our more pressing business was behind us. My lone thought at the time was that it was interesting that Kimche [redacted]

5. Then came today's emissary who again, [redacted] He stated that Israel has for some time been conducting meetings with high level persons in Iran. At a recent meeting in Germany attended by Kimche, a man named Al Schwimmer (Father of the Israeli aircraft industry), and on the

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Iranian side [redacted] and a

advisor to the Prime Minister named Gorbanifar, the Iranians presented a picture of contemporary Iran that was extremely pessimistic; continued economic decline, stalemate on the war front; no improvement even assuming Khomeini's passing without having "an option." Their hope and that of what they portrayed as a significant cadre of the hierarchy was to develop a dialogue with the west. At this point and often throughout the conversat Kimche reminded them that they were talking to Israelis who aren't the "west" per se and what did they have in mind? The interlocutors stated emphatically that they sought a dialogue with the United States. The Israelis pressed (in the interest o vetting the bona fides of the Iranians with the real power in Iran) for some tangible show of their ability "to deliver" in such a dialogue. The Iranians stated that they were very confide that they could in the short term, achieve the release of the seven Americans held hostage in Lebanon. But in exchange they would need to show some gain. They sought specifically the delivery from Israel of 100 TOW missiles. But they stated that the larger purpose would be the opening of a private dialogue with a high level American official and a sustained discussion of US-Iranian relations.

6. The concept raises a number of imponderable questions. First, there is your very reasonable concern raised a month ago when the issue was just intelligence sharing, [redacted] That is very real and one has to consider how such a "trialogue" would be affected over time by sustained

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Israeli involvement. Surely we ought to expect that Israel's fears over any Arab (as opposed to Iranian) fallout would not always necessarily coincide with our own. [redacted]

7. On the short term aspect, there is a family of questions related to our terrorism policy against negotiating with terrorist (notwithstanding the thin veil provided by Israel as the cutout on this specific matter). As a footnote I have checked and determined that Iran had TOW missiles before the Shah's fall and, consequently, their using TOWs now would not necessarily raise too many eyebrows.

8. Then one has to consider where this might lead in terms of our being asked to up the ante on more and more arms and where that could conceivably lead, not just in the compromise of our position, but to the possible eventuality of the Iranians "winnin and where that would put the security of the neighboring Gulf States. Clearly that is a loser. But I would think that, given the vulnerability of the Iranian interlocutor to our discrete blowing of his cover with Khomeini, ought to enable us to control that.

9. At the end of the day, our long term interest remains in maintaining an ability to renew ties with Iran under some more sensible successor regime. Whether or not this contact is

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connected to viable, stable parties in Iran remains to be seen. It could be that these people are no more than self-serving, self-promoters who seek to curry favor with an element of the military -- those who happen to want TOWs right now. But I would think their risk of exposure again, provides some insurance against that. And Israel is not noted for dealing with fools and charlatans.

10. George, I cannot judge the equities on this. We need to think about it. But I don't think we should tarry. [redacted] On balance my instincts are to see our larger interest in establishing an entree to someone in Iran and the check provided by the Iranian interlocutor's vulnerability to being "blown" as giving us some insurance against perfidy. We could make a tentative show of interest without commitment and see what happens. Or we could walk away. On balance I tend to favor going ahead.

10. As a final note, and please understand that I intend no comment on the NEA bureau for which I have profound respect, I don't believe this should go beyond you and Charlie Hill. It isn't at all that others lack judgment. It is simply a matter of the potential for compromise as the circle widens which is axiomatic.

TOP SECRET/SENSITIVE

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11. The emissary will return to Israel on Tuesday. We should give him some signal by then, preferably on Monday Washington time. I will await and abide fully by your decision.

12. Finally, the President has been in the operating room for 3 hours. I will keep you advised.

Warm Regards, Bud

P.S. - I have just received word from Don Regan that the operation has been completed and was entirely successful. [redacted]

RCM

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EXHIBIT GPS-10

[redacted] [redacted]

Department of State

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PAGE 01 OF 0[redacted]

.... [illegible]

O 140303Z JUL 85 ZFF-4
FM USDEL SECRETARY IN CANBERRA
TO SECSTATE WASHDC IMMEDIATE [illegible]

[redacted]

SECTO [redacted]

Partially [illegible]//[illegible] on
[illegible] of E.O. 12356
by [illegible], National Security Council

FOR S/S PLATT FROM HILL

E.O. 12356: DECL: OADR
TAGS: OVIP (SHULTZ, GEORGE P.)
SUBJECT: REPLY TO BACKCHANNEL NO. 3 FROM [illegible]

1. ~~TOP SECRET~~ - ENTIRE TEXT.

2. PLEASE HAVE FOLLOWING MESSAGES TYPED ON PLAIN BOND AND HAND-CARRIED E.O. TO BUD. ENVELOPE MUST BE GIVEN DIRECTLY TO HIM AND OPENED BY HIM AND NO ONE ELSE.

3. DEAR BUD:

THANK YOU FOR YOUR MESSAGE ON THE ISRAEL-IRAN CONTACT. I AGREE WITH YOU THAT WE SHOULD MAKE A TENTATIVE SHOW OF INTEREST WITHOUT COMMITMENT. I DO NOT THINK WE COULD JUSTIFY TURNING OUR BACKS ON THE PROSPECT OF GAINING THE RELEASE OF THE OTHER SEVEN HOSTAGES AND PERHAPS DEVELOPING AN ABILITY TO RENEW TIES WITH IRAN UNDER A MORE SENSIBLE REGIME -- ESPECIALLY WHEN PRESENTED TO US THROUGH THE PRIME MINISTER OF ISRAEL.

2241

EXHIBIT
GPS-10

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[redacted] UNCLASSIFIED S/S-0
Department of State INCOMING

PAGE 03 OF 04 [redacted]

4 THAT BEING SAID I FURTHER AGREE WITH YOU THAT THIS SITUATION IS LOADED WITH IMPONDERABLES THAT CALL FOR GREAT CAUTION ON OUR PART I THINK YOU HAVE COVERED THEM ALL IN YOUR MESSAGE I WOULD ONLY UNDERSCORE A COUPLE OF THEM THE FRAUD THAT SEEMS TO ACCOMPANY SO MANY DEALS INVOLVING ARMS AND IRAN AND THE COMPLICATIONS ARISING FROM OUR "BLESSING" AN ISRAEL-IRAN RELATIONSHIP WHERE ISRAEL S INTERESTS AND OURS ARE NOT NECESSARILY THE SAME

5 I SUGGEST -- AND YOUR MESSAGE INDICATES YOU LEAN THIS WAY TOO -- THAT WE GIVE THE EMISSARY A POSITIVE BUT PASSIVE REPLY THAT IS TELL HIM THAT HE MAY CONVEY TO HIS IRANIAN CONTACTS THAT THE U S HAS BEEN INFORMED OF THE IRANIAN PROPOSAL AND IS RECEPTIVE TO THE IDEA OF A PRIVATE DIALOGUE INVOLVING A SUSTAINED DISCUSSION OF U S -IRANIAN RELATIONS. IN OTHER WORDS WE ARE WILLING TO LISTEN AND SERIOUSLY CONSIDER ANY STATEMENT ON THIS TOPIC THEY MAY WISH TO INITIATE

6 GIVEN THE NATURE OF THIS MATTER I AM INCLINED TO THINK IT SHOULD BE MANAGED BY YOU PERSONALLY ITS SENSITIVITY REQUIRES HIGH-LEVEL MANAGEMENT. BUT THAT IN TURN RAISES THE LIKELIHOOD OF DISCLOSURE. BUT THIS IS SOMETHING THAT WE CAN GO OVER MORE CAREFULLY AFTER I GET BACK. I DO THINK IT IMPORTANT THAT YOU MAKE CLEAR TO THE EMISSARY THAT YOU AND I ARE IN CLOSE CONTACT AND FULL AGREEMENT EVERY STEP OF THE WAY. THIS IS ALL THE MORE IMPORTANT IN VIEW OF THE PRESENT LACK OF UNITY AND FULL COORDINATION ON THE ISRAELI SIDE.

7 THANK YOU AGAIN FOR YOUR MESSAGE. I CAN ONLY REITERATE HOW MUCH I VALUE OUR CLOSE CONSULTATION AND FRIENDSHIP

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[redacted]

Department of State

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[illegible]

PAGE 04 OF 04 [redacted]

GEORGE

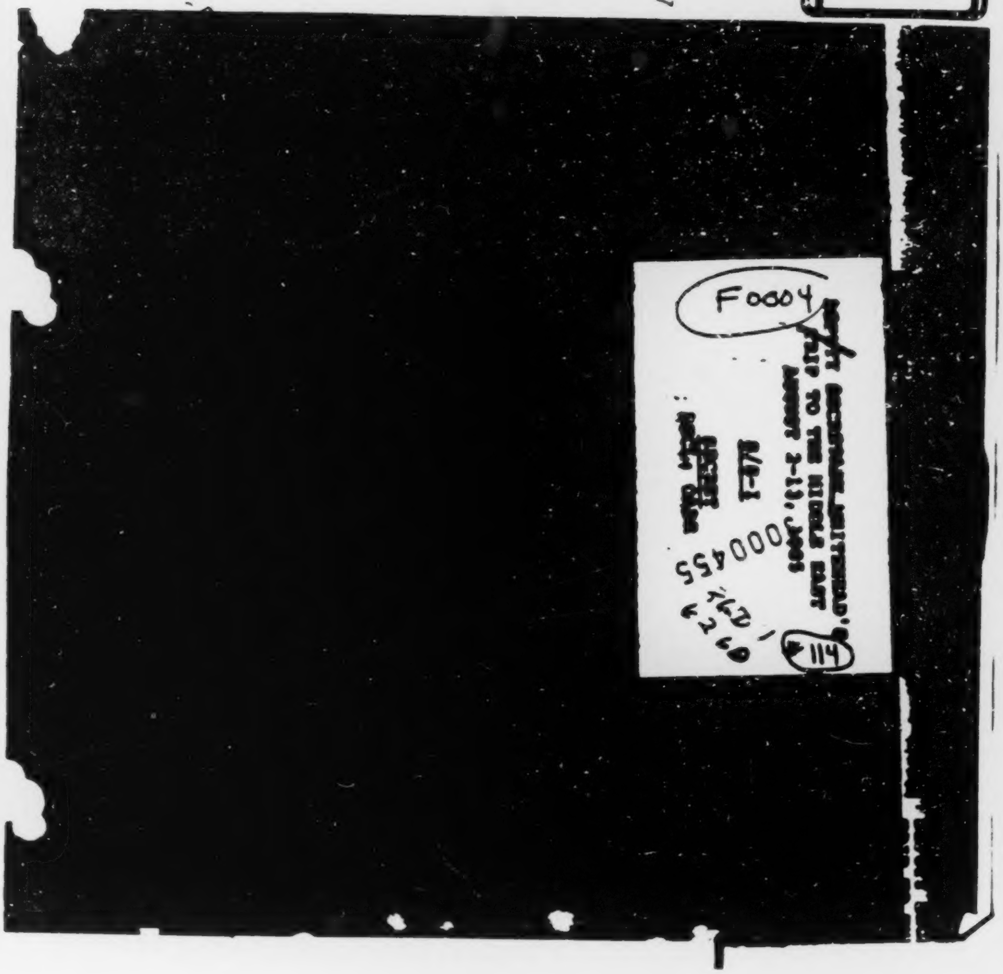
SHULTZ

UNCLASSIFIED

Exhibit GPS-11

EXHIBIT
GPS-11

5/6/87



F0004

DEPUTY SECRETARY WHITEHEAD'S
TRIP TO THE MIDDLE EAST
AUGUST 2-13, 1985

S/S-I

SECRET
DECL: OADR

114

000455

The Gulf War

I. Endless War

- Iran-Iraq war began September 1980, has produced well over a million casualties, with c. 180,000 Iranian deaths and c. 65,000 Iraqi deaths .
- Mid-March southern offensive ended with Iranians gaining swampland in exchange for up to 20,000 killed.
- In March, Iraq repeated its earlier use of chemical weapons; Iran has not used its nascent CW capability.
- Iraq began daily bombing of Iranian cities, including Tehran, in March, hoping to force negotiations.
- Iran, at great disadvantage in airpower, responded with occasional Scud missile strikes against Baghdad.
- No formal limited ceasefire exists, but attacks on cities have been suspended since June 15.
- In June, Iran announced shift to "defensive holy war": frequent small-scale attacks to inflict casualties and keep Iraqis off-balance, but no more big offensives.

II. Settlement Prospects

- Iraq wants comprehensive ceasefire and negotiated settlement of the war.
- Iran refuses to halt fighting unless Iraq condemned as aggressor and Iraqi regime removed; meanwhile seeks to pressure Iraq on CW use, bombing, and shipping attacks.
- Mediation efforts by [redacted] etc. all led nowhere and are now dormant. ✓

III. US Policy

- USG seeks negotiated settlement preserving sovereignty and territorial integrity of both sides.
- US does not supply arms to either side and actively discourages sales to Iran by US friends and allies.
- USG has publicly condemned Iraqi CW use and opposes bombing of cities.

S080456

We continue to strengthen security cooperation with Gulf states.

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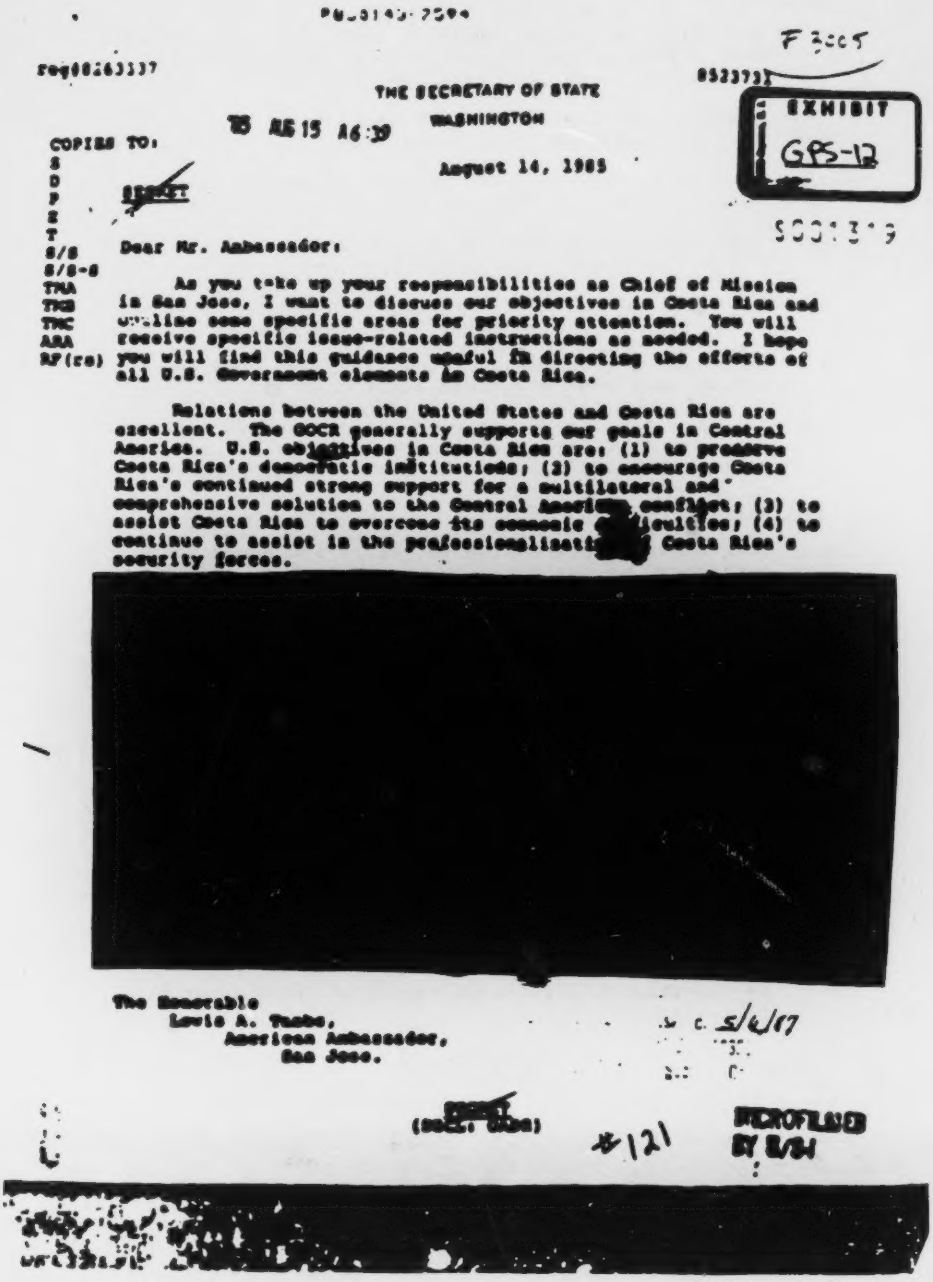
~~CONFIDENTIAL~~
~~(DECL: OADR)~~

5/6/87

[redacted]

EXHIBIT GPS-12



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THE SECRETARY OF STATE

WASHINGTON

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EXHIBIT

GPS-12

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August 14, 1985

~~SECRET~~

S001319

Dear Mr. Ambassador:

As you take up your responsibilities as Chief of Mission in San Jose, I want to discuss our objectives in Costa Rica and outline some specific areas for priority attention. You will receive specific issue-related instructions as needed. I hope you will find this guidance useful in directing the efforts of all U.S. Government elements in Costa Rica.

Relations between the United States and Costa Rica are excellent. The GOCR generally supports our goals in Central America. U.S. objectives in Costa Rica are: (1) to preserve Costa Rica's democratic institutions; (2) to encourage Costa Rica's continued strong support for a multilateral and comprehensive solution to the Central American conflict; (3) to assist Costa Rica to overcome its economic difficulties; (4) to continue to assist in the professionalizati[illegible] Costa Rica's security forces.

[redacted]

The Honorable
Lewis A. Tambs,
American Ambassador,
San Jose.

5/6/87

~~SECRET~~
(DECL: OADR)

#121

MICROFILMED
BY S/S-I

PW-0193-259

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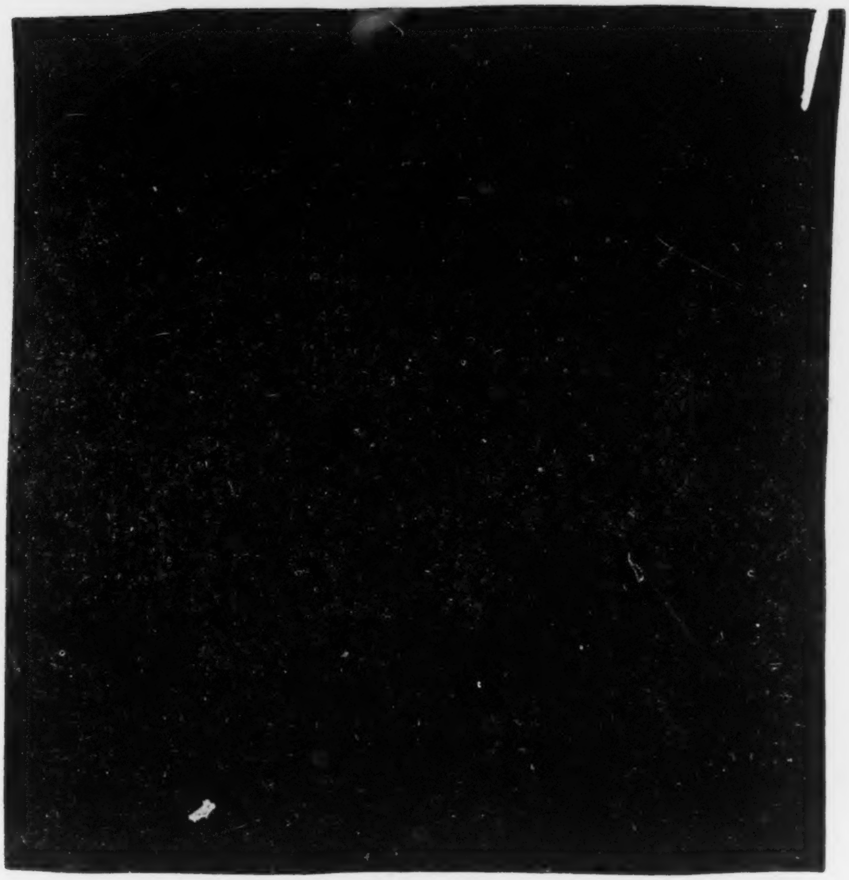
S001320



5/6/57

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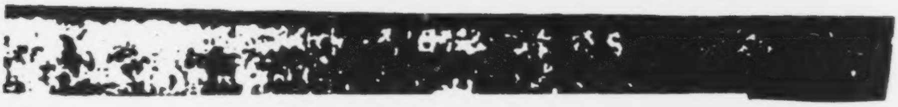

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22

[redacted]

I know that in the course of your duties you will have contact with many officials, on a variety of matters, and you will receive solicited and unsolicited advice and counsel on actions you should take. I want to emphasize that the line of authority runs from the President through me to Assistant Secretary Abrams. All other advice and counsel can and will play an important part in the decision-making and policy-implementation process, but in the final analysis your decisions and actions should be guided by that direct line from the President.

I have directed Assistant Secretary Abrams to issue instructions in my name and serve as the primary communications link between me and Chiefs of Mission in his area of responsibility. You should channel all messages dealing with policy proposals, policy implementation, program activities and post operations to or through him, with the understanding that for extraordinary situations there are channels of direct communication with me that are available for your use.

Sincerely yours,

George P. Shultz

George P. Shultz

5/6/87

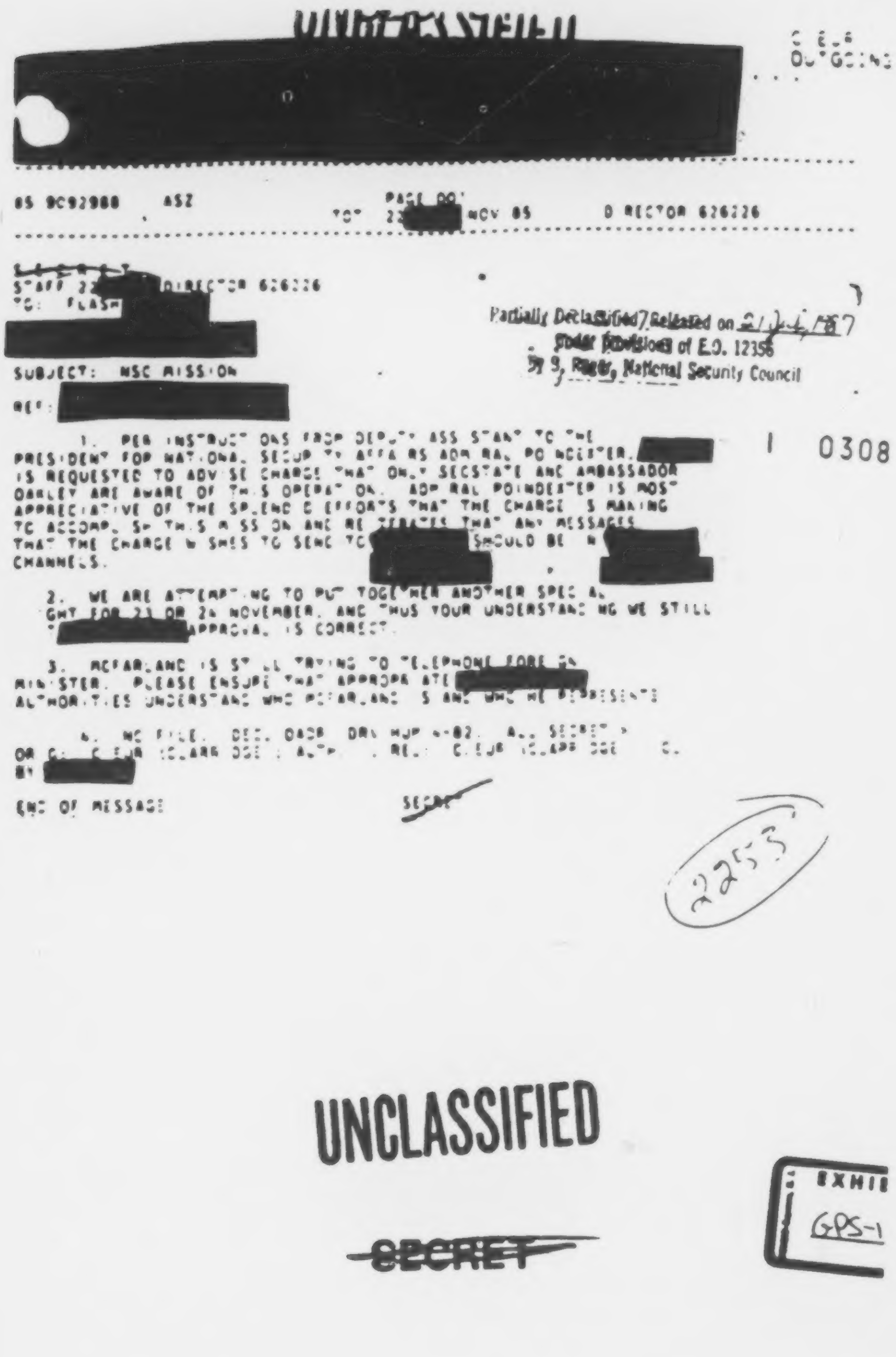
Drafter:ARA/CEN:FTJones:ccn
8/6/85 3383
WANG 6458PC

Clearances: ARA/CEN:RDGodard/RWMelton
ARA:WGWalker
ARA/RPP:PPSarros
P:DCurran
T:RBoyce
S:SBrown

~~SECRET~~

[redacted]

Exhibit GPS-13



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85 9092988 ASZ PAGE 001
TOT 22[redacted]NOV 85 DIRECTOR 626226

~~SECRET~~
STAFF 22[redacted]DIRECTOR 626226
TO: FLASH [redacted]

SUBJECT: NSC MISSION

REF: [redacted]

Partially Declassified/Released on 21 Jan 1987
under provisions of E.O. 12356
by B. Reger, National Security Council

1. PER INSTRUCTIONS FROM DEPUTY ASSISTANT TO THE PRESIDENT FOR NATIONAL SECURITY AFFAIRS ADMIRAL POINDEXTER. [redacted] IS REQUESTED TO ADVISE CHARGE THAT ONLY SECSTATE AND AMBASSADOR OAKLEY ARE AWARE OF THIS OPERATION. ADMIRAL POINDEXTER IS MOST APPRECIATIVE OF THE SPLENDID EFFORTS THAT THE CHARGE IS MAKING TO ACCOMPLISH THIS MISSION AND REITERATES THAT ANY MESSAGES THAT THE CHARGE WISHES TO SEND TO [redacted] SHOULD BE IN [redacted] CHANNELS. 1 0308

2. WE ARE ATTEMPTING TO PUT TOGETHER ANOTHER SPECIAL GHT FOR 23 OR 24 NOVEMBER, AND THUS YOUR UNDERSTANDING WE STILL T[redacted]APPROVAL IS CORRECT.

3. MCFARLANE IS STILL TRYING TO TELEPHONE FOREIGN MINISTER. PLEASE ENSURE THAT APPROPRIATE [redacted] AUTHORITIES UNDERSTAND WHO MCFARLANE IS AND WHO HE REPRESENTS.

4. NO FILE. DECL OADR DRV HUM 4-82. ALL SECRET OR CL C EUR (CLARRIDGE); AUTH: REL: C EUR (CLARRIDGE) CL BY [redacted]

END OF MESSAGE ~~SECRET~~

2255

UNCLASSIFIED

EXHI
GPS-1

~~SECRET~~

EXHIBIT GPS–14

UNCLASSIFIED

S 4696

No. [redacted]

The Embassy of the United States of America presents it compliments to the Ministry of Foreign Affairs and expresses regret that the [redacted] was unable to fulfill the request of the Government of the United States for the humanitarian mission referred to in [redacted]

The Embassy of the United States of America wishes to avail itself of this opportunity to renew to the Ministry of Foreign Affairs the assurances of its highest consideration.

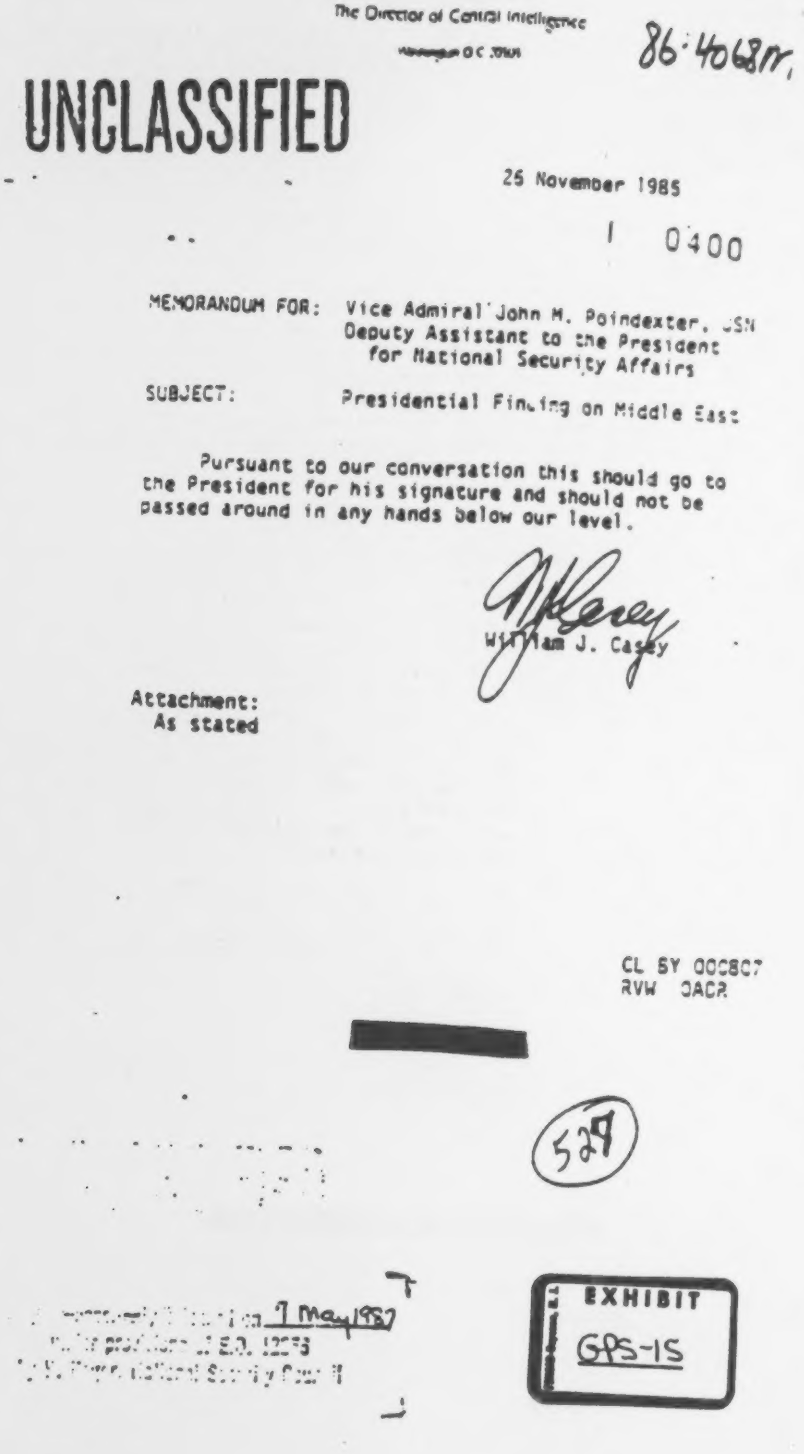
Embassy of the United States of America
November 23, 1985

2233

Partially Declassified/Released on 20 July 1987
under provisions of E.O. 12356
by B. Reger, National Security Council

EXHIBIT
GPS-14

EXHIBIT GPS-15



The Director of Central Intelligence
Washington D C 20505

86-4068m,

UNCLASSIFIED

25 November 1985

I 0400

MEMORANDUM FOR: Vice Admiral John M. Poindexter, USN
Deputy Assistant to the President
for National Security Affairs

SUBJECT: Presidential Finding on Middle East

Pursuant to our conversation this should go to the President for his signature and should not be passed around in any hands below our level.

WJCasey
William J. Casey

Attachment:
As stated

CL BY 00C807
RVW OADR

[redacted]

529

Partially Declassified/Released on 7 May 1987
under provisions of E.O. 12356
by [illegible], National Security Council

EXHIBIT
GPS-15

UNCLASSIFIED

Finding Pursuant to Section 662 of the Foreign Assistance Act of 1961, As Amended, Concerning Operations Undertaken by the Central Intelligence Agency in Foreign Countries, Other Than Those Intended Solely for the Purpose of Intelligence Collection

0401

I have been briefed on the efforts being made by private parties to obtain the release of Americans held hostage in the Middle East, and hereby find that the following operations in foreign countries (including all support necessary to such operations) are important to the national security of the United States. Because of the extreme sensitivity of these operations, in the exercise of the President's constitutional authorities, I direct the Director of Central Intelligence not to brief the Congress of the United States, as provided for in Section 501 of the National Security Act of 1947, as amended, until such time as I may direct otherwise.

SCOPE	DESCRIPTION
Hostage Rescue - Middle East	The provision of assistance by the Central Intelligence Agency to private parties in their attempt to obtain the release of Americans held hostage in the Middle East. Such assistance is to include the provision of transportation, communications, and other necessary support. As part of these efforts certain foreign materiel and munitions may be provided to the Government of Iran which is taking steps to facilitate the release of the American hostages. All prior actions taken by U.S. Government officials in furtherance of this effort are hereby ratified.

The White House
Washington, D.C.

7 May 1987

Date:

[redacted]

EXHIBIT GPS-16

[illegible]

UNCLASSIFIED

~~SECRET/SENSITIVE~~

S 4850
Dec. 7, 1985

--I am very unenthusiastic about this;

--We have made the point for years that we will not make deals with terrorists. If we start paying now, it will never stop and will negate the whole policy;

--Ultimately, the whole story will come out someday and we will pay the price;

--I also doubt it will buy us the kind of influence we want in Iran. The only people there who can get our hostages free are the radicals. They will not be influenced by our supplying arms. Although moderates may welcome our help, they have no influence in freeing our hostages;

--We also have to think about the effect on our moderate Arab friends. They will be badly shaken if they ever find out that we are breaking our commitment to them and helping the radicals in Tehran fight their fellow Arab Iraq;

--Our Allies would also be shocked if they knew we were helping Iran in spite of our protestations to the contrary;

--I believe we should put this operation aside, step back and take a hard look at where we are going with Iran. We should have two or three people work quietly with John to look at how best we can increase the chances that in the coming years Iran will turn back to us and the West.

Declassified/Released on 21 July 1987
under provisions of E.O. 12356
by B. Reger, National Security Council

2254

UNCLASSIFIED

~~SECRET/SENSITIVE~~

EXHIBIT
GPS-16

EXHIBIT GPS-17

PAGE 01 OF 07 STATE 376805 TOSEC 280086 ✓ C04/03 005605 N00926

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/////////////// [redacted] ////////////////

S 3903

EXHIBIT
GPS-17

5/6/87

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EXSEC ________ ________ (S/S-I) ________

DEPEXSEC ________ ________ DATE/TIME ________

REPEATED TO ________________________

BY ________________ DATE/TIME ________

SENSITIVE

THE ATTACHED DOCUMENT MAY BE SEEN ONLY BY THE ADDRESSEE AND IF NOT EXPRESSLY PRECLUDED BY THOSE OFFICIALS UNDER HIS AUTHORITY WHOM HE CONSIDERS TO HAVE A CLEAR-CUT "NEED TO KNOW." IT MAY NOT BE REPRODUCED, GIVEN ADDITIONAL DISTRIBUTION OR DISCUSSED WITH NON-RECIPIENTS WITHOUT PRIOR APPROVAL OF THE EXECUTIVE SECRETARIAT.

ADDRESSEES OUTSIDE THE DEPARTMENT OF STATE SHOULD HANDLE THE DOCUMENT IN ACCORDANCE WITH THE ABOVE INSTRUCTIONS AND WITH CURRENT DEPARTMENT OF STATE INSTRUCTIONS ON NODIS.

WHEN THIS DOCUMENT IS NO LONGER NEEDED, THE RECIPIENT IS RESPONSIBLE FOR SUPERVISING ITS DESTRUCTION AND FOR MAILING A RECORD OF THAT DESTRUCTION TO THE DIRECTOR, S/S-I, ROOM 7241, TEL. 632-2976.

EXECUTIVE SECRETARY
DEPARTMENT OF STATE

~~SECRET~~

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Department of State

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PAGE 02 OF 07 STATE 376805 TOSEC 280086 C04/05 005685 N00926

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5/6/87

S E ~~C R~~ E T STATE 376805 TOSEC 280086

[redacted]

E.O. 12356: DECL: OADR
TAGS: OVIP (SHULTZ, GEORGE P.)
SUBJECT: DAILY ACTIVITIES REPORT - DECEMBER 10 1985

FOR THE SECRETARY FROM ARMACOST

[redacted]

~~SECRET~~

Department of State [illegible]

PAGE 03 OF 07 STATE 276803 TOSEC 230086 C04/05 005603 400925

[redacted]

2. THE HOSTAGES. BUD'S RECOMMENDATION, UPON RETURNING FROM HIS LATEST DISCUSSIONS WAS TO DROP THE ENTERPRISES THAT HAS NOW BEEN AGREED. BUT THE PRESIDENT WANTS OTHER POSSIBLE AVENUES FOR SECURING THE RELEASE OF THE HOSTAGES TO BE ENERGETICALLY PURSUED. AMONG OTHER THINGS [redacted]

3905

3. CONTACTS WITH IRAN. I CONVENED A SMALL MEETING TODAY WITH RICH ARMITAGE, ARNIE RAPHEL, [redacted] AND CHRIS ROSS TO DISCUSS WHETHER OUR LONG TERM INTEREST IN PROMOTING A MORE MODERATE EVOLUTION OF IRAN'S POLICIES TOWARD US AND OTHERS COULD BE ENHANCED BY MORE DIRECT CONTACTS. [redacted] THE MESSAGES WE CONVEY, OF COURSE, WILL BE VERY FIRM (E.G., ON THE HOSTAGES, ON TERRORISM, ETC.). I ASKED THAT THE AGENCY UPDATE ITS MAY 1985 SNIE ON IRAN

5/6/87

~~SECRET~~

Department of State [illegible]

PAGE 04 OF 07 STATE 376303 TOSEC 380086 O04/05 385603 400925

AND GIVE US A PROFILE OF THOSE ELEMENTS WITHIN THE LEADERSHIP STRUCTURE WHO APPEAR TO BE MORE INCLINED TOWARD "MODERATE" VIEWS. I ASKED ARNIE ON A CLOSE-HOLD BASIS TO REVIEW THE INDIRECT MEANS BY WHICH WE CAN PASS MESSAGES TO IRAN [redacted] ASSESS THE IMPACT ON THIRD PARTIES OF OUR INITIATING MORE DIRECT CONTACTS WITH IRAN AND GIVE SOME THOUGHT TO THE KINDS OF MESSAGES WE WOULD WISH TO CONVEY SHOULD WE DECIDE TO PUT OURSELVES IN MORE DIRECT TOUCH WITH THE GOI.

S 3906

5,6/87

NR

[illegible]

Department of State

[illegible]

S 3907

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5/6/87 S 3909

[illegible]

~~SECRET~~

EXHIBIT GPS-18

UNCLASSIFIED

#559

N 23723

[redacted]

Finding Pursuant to Section 662 of The Foreign Assistance Act of 1961 As Amended, Concerning Operations Undertaken by the Central Intelligence Agency in Foreign Countries, Other Than Those Intended Solely for the Purpose of Intelligence Collection

I hereby find that the following operation in a foreign country (including all support necessary to such operation) is important to the national security of the United States, and due to its extreme sensitivity and security risks, I determine it is essential to limit prior notice, and direct the Director of Central Intelligence to refrain from reporting this Finding to the Congress as provided in Section 501 of the National Security Act of 1947, as amended, until I otherwise direct.

and third parties

SCOPE	DESCRIPTION
Iran	Assist selected friendly foreign liaison services and third countries, which have established relationships with Iranian elements, groups, and individuals sympathetic to U.S. Government interests and which do not conduct or support terrorist actions directed against U.S. persons, property or interests, for the purpose of: (1) establishing a more moderate government in Iran, (2) obtaining from them significant intelligence not otherwise obtainable, to determine the current Iranian Government's intentions with respect to its neighbors and with respect to terrorist acts, and (3) furthering the release of the American hostages held in Beirut and preventing additional terrorist acts by these groups. Provide funds, intelligence, counter-intelligence, training, guidance and communications and other necessary assistance to these elements, groups, individuals, liaison services and third countries in support of these activities. The USG will act to facilitate efforts by third parties and third countries to establish contact with moderate elements within and outside the Government of Iran by providing these elements with arms, equipment and related materiel in order to enhance the credibility of these elements in their effort to achieve a more pro-U.S. government in Iran by demonstrating their ability to obtain requisite resources to defend their country against Iraq and intervention by the Soviet Union. This support will be discontinued if the U.S. Government learns that these elements have abandoned their goals of moderating their government and appropriated the materiel for purposes other than that provided by this Finding.

The White House
Washington, D.C.
Date: 6 January 1986

TOP SECRET

OSCR TS 0001-86
Copy

Ronald Reagan

[redacted]

EXHIBIT
GPS-18

002

EXHIBIT GPS-19

[illegible] 9402

Finding Pursuant to Section 662 of The Foreign Assistance Act of 1961 As Amended, Concerning Operations Undertaken by the Central Intelligence Agency in Foreign Countries, Other Than Those Intended Solely for the Purpose of Intelligence Collection

I hereby find that the following operation in a foreign country (including all support necessary to such operation) is important to the national security of the United States, and due to its extreme sensitivity and security risks, I determine it is essential to limit prior notice, and direct the Director of Central Intelligence to refrain from reporting this Finding to the Congress as provided in Section 501 of the National Security Act of 1947, as amended, until I otherwise direct.

SCOPE	DESCRIPTION
[illegible]	Assist selected friendly foreign liaison services, third countries and third parties which have established relationships with Iranian elements, groups, and individuals sympathetic to U.S. Government interests and which do not conduct or support terrorist actions directed against U.S. persons, property or interests, for the purpose of: (1) establishing a more moderate government in Iran, (2) obtaining from them significant intelligence not otherwise obtainable, to determine the current Iranian Government's intentions with respect to its neighbors and with respect to terrorist acts, and (3) furthering the release of the American hostages held in Beirut and preventing additional terrorist acts by these groups. Provide funds, intelligence, counter-intelligence, training, guidance and communications and other necessary assistance to these elements, groups, individuals, liaison services and third countries in support of these activities.
	The USG will act to facilitate efforts by third parties and third countries to establish contact with moderate elements within and outside the Government of Iran by providing these elements with arms, equipment and related materiel in order to enhance the credibility of these elements in their effort to achieve a more pro-U.S. government in Iran by demonstrating their ability to obtain requisite resources to defend their country against Iraq and intervention by the Soviet Union. This support will be discontinued if the U.S. Government learns that these elements have abandoned their goals of moderating their government and appropriated the materiel for purposes other than that provided by this Finding.

The White House
Washington, D.C.
Date January 17, 1986

Ronald Reagan

OSCR TS 0001-86
Copy 1

[redacted]

EXHIBIT
GPS-19

EXHIBIT GPS-20

Department of State

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PAGE 02 OF 05 STATE 139606 ~~TOSEC~~ 080385 C03/05 006264 N00712
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E.O. 12356: DECL: OADR
TAGS: OVIP (SHULTZ, GEORGE P.)
SUBJECT: ARMS SALES TO IRAN

FOR THE SECRETARY FROM ARMACOST

1. ~~SECRET~~ - ENTIRE TEXT.

2. CHARLIE PRICE CALLED ME TODAY WITH A VERY DISTURBING REPORT. BOB FRASURE [redacted] OF THE EMBASSY'S POLITICAL SECTION, RECENTLY MET WITH TINY ROWLANDS (A BRITISH ENTREPRENEUR [redacted] WHO INFORMED HIM IN DETAIL OF PURPORTED ARRANGEMENTS FOR AMERICAN INVOLVEMENT IN FACILITATING ARMS SALES TO IRAN. IN A NUTSHELL, THE STORY GOES LIKE THIS:

-- AT ADNAN KHASHOGGI'S INITIATIVE, ROWLANDS MET LAST WEEK WITH AVRAM NIR (COUNTERTERRORIST ADVISER TO SHIMON

~~TOP SECRET~~

145

EXHIBIT GPS-20

6 May 1987

PERESI, KHASHOGGI, AND AN IRANIAN ARMS MERCHANT NAMED GHORBANIFAR (A SLEAZE BAG OF DUBIOUS RESUTE).

-- NIR CLAIMED THAT ARRANGEMENTS HAD BEEN UNDERWAY FOR SOME TIME THAT FACILITATED LARGE-SCALE SALES OF GRAIN, MILITARY SPARE PARTS, AND WEAPONS TO IRAN FROM COUNTRIES AS FAR AWAY AS [redacted]

S 3911

-- NIR INDICATED THAT HE WANTED ROWLANDS' LONHRO COMPANY TO PROVIDE AN UMBRELLA FOR THE MANAGEMENT OF FUTURE SALES.

-- KHASHOGGI CLAIMED THAT VERY BIG MONEY WAS INVOLVED AND HE EVIDENTLY SHOWED ROWLANDS RECEIPTS FOR VERY LARGE SCALE TRANSFERS OF CASH TO SWISS BANKS.

-- AS NIR DESCRIBED THE OPERATION, SPARE PARTS AND WEAPONS SUPPLIES WOULD BE CHANNELED THROUGH [redacted]

-- ACCORDING TO NIR AND KHASHOGGI, MANY BUSINESSMEN WERE ALREADY PLAYING THE GAME. THE SCHEME, MOREOVER, WAS OKAY WITH THE AMERICANS. IT HAD BEEN CLEARED WITH THE WHITE HOUSE. POINDEXTER ALLEGEDLY IS THE POINT MAN. ONLY FOUR PEOPLE IN THE U.S. GOVERNMENT ARE KNOWLEDGEABLE ABOUT THE PLAN. THE STATE DEPARTMENT HAS BEEN CUT OUT.

-- ROWLANDS ALSO CHECKED THE STORY OUT WITH [redacted] WHO CONFIRMED IT WAS FOR REAL AND THAT HE WAS GETTING HIS CUT.

3. COMMENT: I ASSUMED THAT WHEN THE ISRAELIS WERE PICKED UP IN BURMUDA FOR ALLEGED INVOLVEMENT IN ANOTHER

[illegible] ~~TOP SECRET~~

6 May 1987

Department of State

S/S-O
OUTGOIN

PAGE 04 OF 05 STATE 139006 TOSEC 080385 C03/05 006264 N00712

SALE OF ARMS TO IRAN. THE PRESIDENT HAD PUT A HOLD ON THIS ENTIRE DISTASTEFUL OPERATION. EVIDENTLY THAT IS NOT THE CASE. NEW ELEMENTS SUGGESTED BY THIS REPORT ARE THAT (1) THE ISRAELIS ARE SERVING AS MIDDLEMEN FOR [redacted] ARMS SALES TO IRAN AT PRECISELY THE MOMENT WHEN THE BALANCE IN THE IRAN-IRAQ WAR MAY BE SHIFTING TOWARD TEHRAN. AND (2) GIVEN THE [redacted]ONNECTION THIS ENTIRE OPERATION MAY BE DESIGNED AS A MEANS OF SIPHONING OFF ADDITIONAL MATERIEL FOR BOTH [redacted] LEGAL CONCERNS SEEM NOT TO IMPOSE ANY CONSTRAINTS WHATSOEVER ON OUR FRIENDS IN THE WHITE HOUSE. ROWLANDS MENTIONED NO AGENCY CONNECTION BUT I WOULD BE ASTONISHED IF THERE WAS NONE. END COMMENT.

S 3912

4. CHARLIE ASKED ME WHAT I THOUGHT OF THIS. I EXPRESSED MY PERSONAL DISTASTE FOR AN OPERATION THAT CUTS ACROSS OUR EFFORT TO RESTRAIN ARMS SALES TO IRAN. PARTICULARLY

WHEN IT MIGHT BE ACHIEVING THE UPPER HAND IN THE GULF WAR AND WHEN IT REMAINED DEDICATED TO THE SYSTEMATIC SUPPORT OF TERRORIST OPERATIONS AND THE HOLDING OF AMERICAN HOSTAGES. CHARLIE EXPRESSED TOTAL AGREEMENT ON SUBSTANCE AND ADDED HIS OWN ANXIETIES ABOUT THE POTENTIAL DOMESTIC POLITICAL RAMIFICATIONS OF THIS FOR THE PRESIDENT. CLEARLY HE RECOGNIZES THAT IF TINY ROWLANDS IS INFORMED AND MANY BUSINESSMEN ARE MAKING OUT LIKE BANDITS ON THIS DEAL IT WILL NOT LONG REMAIN CONFIDENTIAL.

5. CHARLIE ASKED WHETHER HE SHOULD TAKE THE MATTER UP WITH JOHN POINDEXTER. I ENCOURAGED HIM TO EXPRESS HIS OWN VIEWS DIRECTLY TO JOHN AND, IF THE OPPORTUNITY PRESENTED ITSELF, TO SPEAK DIRECTLY TO THE PRESIDENT ABOUT THIS MATTER. I TOLD HIM THAT I WOULD INFORM YOU.

CHARLIE WILL PROBABLY CALL THE PARTY -- EITHER JOHN OR THE PRESIDENT — EARLY SATURDAY TOKYO TIME.

TOP SECRET

6 May 1987

Department of State OUTGOING

PAGE 05 OF 05 STATE 139606 ~~TOSEC 080385~~ C33/05 006264 N00712
WHITEHEAD

—

S 3913

~~TOP SECRET~~

6 May 1987

EXHIBIT GPS-21

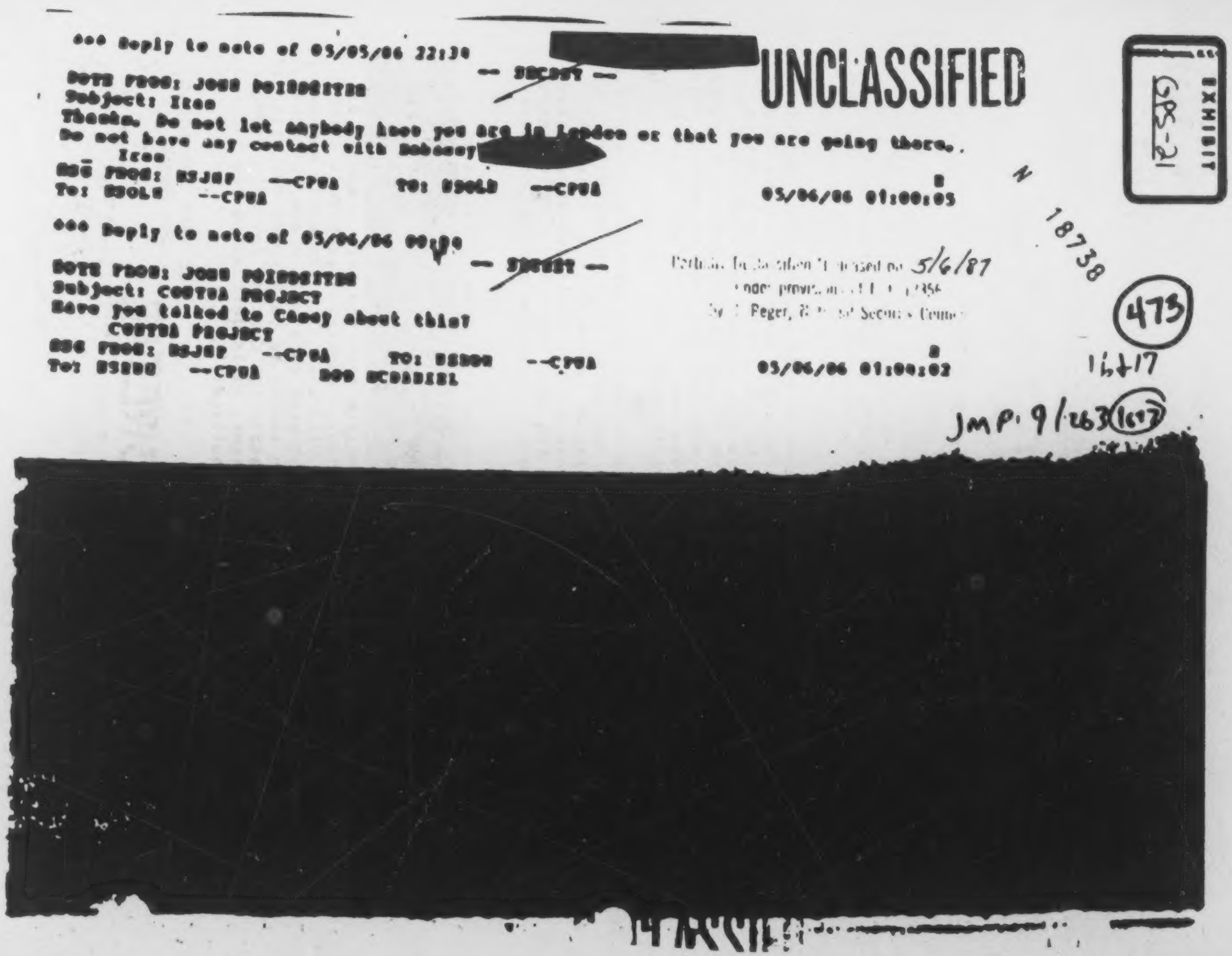

EXHIBIT
GPS-21

[redacted] UNCLASSIFIED

N 18738

(473)

16417

JMP 9/263 (1617)

*** Reply to note of 05/05/86 22:30

~~-- SECRET --~~

NOTE FROM: JOHN POINDEXTER
Subject: Iran
Thanks. Do not let anybody know you are in London or that you are going there.
Do not have any contact with [illegible] [redacted]
Iran
MSG FROM: NSJMP --CPUA TO: NSOLN --CPUA 05/06/86 01:00:05
To: NSOLN --CPUA

*** Reply to note of 05/06/86 00:30

~~-- SECRET --~~

NOTE FROM: JOHN POINDEXTER
Subject: CONTRA PROJECT
Have you talked to Casey about this?
CONTRA PROJECT
MSG FROM: NSJMP --CPUA TO: NSRBM --CPUA 05/06/86 01:00:02
To: NSRBM --CPUA ROD MCDANIEL

Partially Declassified/Released on 5/6/87
under provisions of E.O. 12356
by [illegible] Reger, National Security Council

[redacted]

EXHIBIT GPS-22

THE WHITE HOUSE
WASHINGTON

90369
N 3872
NOTED

~~SECRET~~

May 15, 1986

MEETING WITH THE NATIONAL SECURITY PLANNING GROUP (NSPG)

DATE: Friday, May 16, 1986
LOCATION: White House Situation Room
TIME: 11:00 a.m. - 12:00 noon

FROM: JOHN M. POINDEXTER

I. PURPOSE

To resolve issues on aid to the Nicaraguan Democratic Resistance Forces (DRF) and our current posture in the Contadora process.

II. BACKGROUND

The delay in Congressional action on your aid proposal for the DRF, coupled with the ongoing Contadora discussions, are creating expectations and anxieties in the U.S. and in Central America. The resistance itself is increasingly desperate as available supplies are depleted. As of May 1, no further medical supplies or clothing are available. By mid-June the outside support the resistance has received will have been consumed, and no further significant support appears readily available.

As time goes on without any USG or outside assistance, the capabilities and morale of the resistance will be seriously debilitated. Despite our assurances to the Central American democracies, we still do not have a clear legislative path that will assure a positive vote in the next few weeks. This factor is also influencing Central American thinking on the Contadora accord.

Contadora negotiations are scheduled to resume in Panama on Friday, May 16. [redacted] The Sandinistas will likely proclaim that they are prepared to sign another version of the treaty, containing proposals which our friends have rejected. We will then find ourselves engaged in a propaganda contest in which each side will claim the other is intransigent. Our objective should be to support our friends' position as a positive and constructive Central American effort to deal with the region's problems, while denouncing the Sandinistas for refusing to negotiate.

cc Vice President
Don Regan

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~~Declassify: OADR~~

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Partially Declassified/Released on 28MAY87
under provisions of E.O. 12356
by B. Reger, National Security Council

EXHIBIT
GPS-22

[redacted] This continues to be a volatile political issue which has created considerable speculation that a treaty is about to be signed by the Central Americans which would "sell out" the DRF. This NSPG meeting is an opportunity for you to clarify the facts and restate our position on Contadora:

-- The USG will support a verifiable and enforceable treaty which ensures that all the Contadora 21 Points are addressed.

-- That this country cannot and will not be a party to any agreement which does not assure that implementation of these 21 Points can be fully verified.

-- [redacted]

A consistent Administration position on Contadora, as indicated above, will be helpful in Central America and with the Congress. Our legislative experts advise that the only realistic vehicle for aid to the DRF is the Military Construction Bill which is pending Committee action in the House. We have indications that, while Speaker O'Neill will accept DRF aid amendments to this bill during the week of June 9, he has no intention of allowing it to pass. Even if such a vehicle passes in the House, we stand a good chance of filibuster in the Senate and the likelihood that no aid would be available until August or September 1986.

Given the urgency of the situation within the resistance, it is important that we identify measures which can provide some form of immediate assistance. Three options have been developed:

-- An immediate reprogramming of $15M from DOD to CIA for humanitarian assistance to the DRF. These funds would reduce your subsequent request from $100M to $85M. This action would require approval in the House and Senate Intelligence Committees, the Armed Services Committees, and the Defense Appropriations Sub-Committees. We can make a good case that this humanitarian assistance ($5M per month through August 1986) is essential to maintain the option of DRF pressure in order to improve prospects for a verifiable and enforceable Contadora agreement. Those who counsel delay on any DRF aid until after the Contadora process has "played out" can be deterred by the argument that a ceasefire under Contadora still requires the DRF to survive while "national reconciliation negotiations" are underway.

-- A Presidential appeal for private donations by U.S. citizens. Such a step would undoubtedly result in considerable domestic criticism and perhaps a Congressional move to make such activity unlawful. We would also have to ensure that donations were properly managed and disbursed in such a way as to support a broad based democratic resistance movement.

-- A direct and very private Presidential overture to certain Heads of State who are financially and politically capable of "bridging" the resistance needs until a more favorable Congressional environment obtains. Such a step would likely allow us to demonstrate the viability of the resistance without having to endure further domestic partisan political debate. This option has two significant liabilities:

  - Public exposure would exacerbate the current partisan atmosphere.
  - The foreign contributors would ultimately expect that their largesse would result in some kind of USG concession in their favor.

Finally, all agree that our policy in the region on both Contadora and the resistance requires you to increase your personal profile on the issues. If this meeting results in consensus on these two issues, we should quickly submit a Presidential Message to the Congress noting the immediate need for the $15M in non-military assistance to the DRF. Your Message should cite the consequences of a failure to act and its national security implications.

III. **PARTICIPANTS:** See clearance list at Tab B.

IV. **PRESS PLAN:** None.

V. **SEQUENCE OF EVENTS:** See agenda Tab A.

Prepared by:
Oliver North
Ray Burghardt

Attachments
Tab A - Agenda
Tab B - List of Participants

THE WHITE HOUSE
WASHINGTON

90369

N 3875

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MEETING WITH THE NATIONAL SECURITY PLANNING GROUP (NSPG)

Friday, May 16, 1986
White House Situation Room
11:00 a.m. - 12:00 noon

I.	INTRODUCTION.	John Poindexter (2 minutes)
II.	INTELLIGENCE BRIEFING	Director Casey (5 minutes)
III.	CONTADORA SUMMARY	Secretary Shultz (10 minutes)
IV.	RESISTANCE FUNDING OPTIONS.	John Poindexter (10 minutes)
V.	DISCUSSION.	All (30 minutes)
VI.	SUMMARY	John Poindexter (3 minutes)

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N 3876

MEETING WITH THE NATIONAL SECURITY PLANNING GROUP (NSPG)

Friday, May 16, 1986
White House Situation Room
11:00 a.m. - 12:00 noon

VP Office

Mr. Don Gregg

State

Secretary George Shultz
Assistant Secretary Elliott Abrams

Defense

Secretary Caspar Weinberger
Under Secretary Fred Ikle

CIA

Director William Casey
[redacted]

JCS

Admiral William Crowe
LTGEN John Moellering

White House

Mr. Donald Regan
Mr. William Ball
ADM John Poindexter

NSC

LTCOL Oliver North
Mr. Raymond Burghardt

EXHIBIT GPS-23

i74

To Reply to note of 05/16/86 16:19 [redacted]

NOTE FROM: OLIVER NORTH
Subject: IRAN AND TERRORISM
I passed the info, w/o mentioning him to both Clarridge and Casey. Clarridge believes that there may indeed be something to the offer to [redacted]

Will work w/ Dewey on a meeting plan which we may wish to carry out after we complete the hostage arrangements.

N 12528

You should be aware that the resistance support organization now has more than $6M available for immediate disbursement. This reduces the need to go to third countries for help. It does not, however, reduce the urgent need to get CIA back into the management of this program. We can only do this by going forward with the reprogramming proposal and getting the requisite authorities for CIA involvement. Unless we do this, we will run increasing risks of trying to manage this program from here with the attendant physical and political liabilities. I am not complaining, and you know that I love the work, but we have to lift some of this onto the CIA so that I can get more than 2-3 hrs of sleep at night. The more money there is (and we will have a considerable amount in a few more days) the more visible the program becomes (airplanes, pilots, weapons, deliveries, etc.) and the more inquisitive will become people like Kerry, Barnes, Harkins, et al. While I care not a whit what they say about me, it could well become a political embarrassment for the President and you. Much of this risk can be avoided simply by covering it with an authorized CIA program undertaken with the $15M. This is what I was about to say in the meeting today and a point that I believe Shultz does not understand in his advocacy of third country solicitation. I have no idea what Don Regan does or does not know re my private U.S. operation but the President obviously

[illegible]ed on 4 May 87
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[illegible]

JMP 8/69 (17)

[redacted]

EXHIBIT
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[redacted]

FILE: MAY86 [redacted] AO WHITE HOUSE COMMUNICATIONS AGENCY

N 12529

knows why he had been meeting with several select people to thank them for their "support for Democracy" in CentAm. In short, we need to proceed with the $15M. Shall I work this up? Warm regards, North

* IRAN AND TERRORISM

MSG FROM: NSJMP --CPUA TO: NSJMP --CPUA

To: NSJMP --CPUA JOHN M. POINDEXTER 05/16/86 16:02:01

JMP 8/70

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EXHIBIT
GPS-24

N 12531

Reply to note of 05/17/86 14:14

-- ~~SECRET~~ --

NOTE FROM: OLIVER NORTH
Subject: IRAN AND TERRORISM

Roger, WILCO. Pls be advised that we now have a schedule that will put us in Tehran on Sunday with a hoped for release on Monday. I will depart Thurs. P.M. RCM, Cave and Teicher will leave here Friday a.m. and pick up North Friday evening, for onward flight to Beirut on our chopper to Tehran. Main party will remain in Israel until Sunday a.m. and then depart for Tehran to arrive Sunday evening. Many minor logistics and communications details to be resolved in next 24 hours. Will be coming to you with an a/c request for the bird to fly us fm CONUS to

[illegible] on 5/6/87
[illegible] of E.O. 12356
[illegible] National Security Council

FILE: NATOG [redacted] AG WHITE HOUSE COMMUNICATIONS AGENCY

Israel. Also, strongly urge that we have a quiet mtg w/ RCM and DR on Weds or Thurs (preferable) prior to departure. We shd probably not have any paper on this mtg. You may also want to include Shultz, Weinberger and Casey. Warm regards, North

N IRAN AND TERRORISM 2
NS: FROM: NSOLN --CPUA TO: NSJMP --CPUA 05/19/86 10:50:39
To: NSJMP --CPUA JOHN M. POINDEXTER

UNCLASSIFIED

(454)

JMP 8/89 (19)

EXHIBIT GPS-25

[illegible] 12:01 -- ~~SECRET~~ -- UNCLASSIFIED

NOTE FROM: JOHN POINDEXTER
Subject: IRAN AND TERRORISM
I HAVE PROBLEMS WITH THIS PLAN. AN A/C REQUEST IS TOO CLOSELY LINKED TO WHAT I
S HAPPENING. I DON'T SEE HOW WE CAN USE A MILITARY A/C. WHY DO YOU HAVE TO S
AY SO LONG IN ISRAEL? I HAD IN MIND YOU WOULD TRAVEL SEPARATELY, RDVU IN ISRAE
L AT A COVERT LOCATION, AND PROCEED TO IRAN. I DON'T WANT A MEETING WITH RR, S
HULTZ AND WEINBERGER.

N 12534
(455)
JMP 8/80 (18)

[illegible] on 5/6/87
[illegible] E.O. 12356
[illegible] National Security Council

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EXHIBIT
GPS-25

EXHIBIT GPS-26

United States Department of State
Washington, D.C. 20520

M.

UNCLASSIFIED

MAY 22 1986

UNCLASSIFIED
~~SECRET~~

TO: INR - Morton Abromowitz

FROM: ARA - Elliott Abrams EA

SUBJECT: News Story on Administration Support for Private Donors of Aid to the Nicaraguan Resistance

The Miami Herald carried an article on May 6 concerning the role of the NSC's Ollie North in introducing potential donors to resistance representatives and raised the possibility that North's activities may have violated the Congressional ban on aid to the resistance. The source of the information about North was given as a "State Department intelligence analyst".

The President's request for aid faces an uphill battle for Congressional approval. These reports only make our efforts to gain approval of the President's request more difficult. I hope you will join me in reemphasizing the need for sensitivity in our dealings with the press on this issue.

[redacted] 1 June 87

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EXHIBIT
GPS-26

NICARAGUA

MIAMI HERALD 30 APRIL .986 Pg. 6

Colonel's actions may have broken contra aid ban

By ALFONSO CHARDY
Herald Washington Bureau

WASHINGTON — A conservative Texan says a Marine colonel working in the White House referred him to fund-raisers for the Nicaraguan contras last year despite a congressional ban on administration involvement with the rebels.

Philip Mabry, a Fort Worth security consultant, said National Security Council staffer Lt. Col. Oliver North invited him to the White House in February 1985 after hearing Mabry wanted to help the contras, then set up a subsequent meeting for Mabry with a Washington, D.C., fund-raiser who solicited money for the contras.

Mabry's statements have provided the first glimpses at the inner workings of the well-oiled private contra support machine that — with White House encouragement — developed after Congress suspended contra aid and prohibited the administration from further involvement with the rebels in October 1984.

The new details of North's White House activities have raised questions about whether the Marine officer's efforts to channel private aid to the contras broke the law.

A congressional source said that in 1984 the National Security Council, on North's recommendation, endorsed in a confidential memorandum that U.S. military planes ferry private aid supplies to Central America. Last year The New York Times reported that North was providing tactical military advice to the contras.

Now, three congressional committees are planning to conduct hearings into the administration's contra contacts and related themes. Administration sources said the White House has advised North to retain his own legal counsel in the face of the mounting congressional scrutiny.

Administration sources intimately involved in the contra

Around The Americas

program said in interviews that North organized and supervised an informal system to locate and screen private donors and then arranged for supplies and contributions to reach the contras.

A State Department intelligence analyst, for example, said North had provided his office with the name of a private security consultant to whom potential contra aid donors were to be referred.

Administration sources said North began his quiet activities during the congressional ban on U.S. government help to the contras, which began in October 1984 and lasted until last summer, when Congress approved a resumption of nonlethal contra aid.

North refused to comment on the allegations. An administration official authorized to reply to queries, however, denied North was guilty of wrongdoing.

"Oliver North has not been involved in illegal activities," the official said. The official refused, however, to address specific assertions about North's role.

Other administration officials confirm, however, that North acted repeatedly on behalf of the contras, especially in channeling potential donors to the rebels.

In a recent telephone interview from Fort Worth, Mabry said he had collected supplies for the rebels after Congress ended covert aid but became disillusioned because of suspicions that rebel leaders stole donations.

Mabry said the office of Edwin Meese — then the White House counselor — had responded to his initial inquiries about how to help the contras by giving him North's telephone number. Meese is now attorney general.

North responded to Mabry's inquiries with a call of thanks, then invited Mabry to Washington for a meeting at his office in February 1985, Mabry said.

North asked Mabry to help the White House rally public support to pressure Congress to renew contra aid, but did not specifically request cash or supplies for the contras, Mabry said.

But when Mabry told him he wanted to collect supplies, North picked up the phone and arranged a meeting — for the same day — with Andy Messing, executive director of a private anti-Communist group, the National Defense Council.

At the meeting, Mabry said Messing pressed him for a large cash donation to the contras, grew irritated when Mabry held back — "slapping a $100,000 check on the table" to illustrate the kind of money needed — then walked out, Mabry said.

Messing's National Defense Council has shipped large quantities of "humanitarian aid" to refugees in Honduras and El Salvador in an effort, he says, to fight communism through demonstrations of U.S. generosity.

One of Messing's former employees said in an interview, however, that Messing's "humanitarian aid" has been directed to the contras. Tom Davy, the employee, described his personal participation in laying the contra aid pipeline, saying supplies were collected in the United States, transported to El Salvador and on to Honduras for distribution to the contras.

In a telephone interview, Messing confirmed meeting Mabry and said it "might have been Ollie" North who arranged the meeting. But Messing denied supplying the contras.

North has met frequently with Messing, as well as with two other conservatives closely associated with the contras, Messing said.

One is retired Army Maj. Gen. John Singlaub, who has boasted

CONTINUED BELOW

publicly of raising funds to buy weapons for the contras.

The other is Rob Owen, a former lobbyist for South Korea who is now a $51,000-a-year consultant to the contra leadership.

Owen's fee was paid by the State Department's Nicaraguan Humanitarian Assistance Office, the agency disbursing "humanitarian" aid to the contras.

Owen was reported out of the country and reluctant to talk to reporters.

Washington, D.C. 20520

UNCLASSIFIED
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May 24, 1986

TO: ARA - Mr. Elliott Abrams

FROM: INR - Morton Abramowitz

SUBJECT: News Story on Administration Support for Private Donors of Aid to the Nicaraguan Resistance

Thanks for calling our attention to the Miami Herald article. I have directed that a thorough security investigation be conducted immediately in INR to try to determine if anyone here was in fact a source.

I am troubled however by the statement in your memo that says "the source of the information about North was given as a State Department intelligence analyst." The article (attached) lists the following sources:

--Philip Mabry of Ft. Worth
--"A congressional source"
--"Administration sources"
--"Administration sources intimately involved in the contra programs"
--"A State Department intelligence analyst"
--"Administration sources"
--"An administration official authorized to reply to inquiries"
--"Other administration officials"
--Andy Messing
--Tom Davy

Journalists cover their sources, so that the same source may be quoted more than once (and it is curious that he would seemingly finger INR) but it is clear that there were a goodly number of sources. At all events, given Congressional strictures on the intelligence community in regard to support of the FDN, I don't think Ollie would have given any INR officer the name of a private security consultant to whom potential contra aid donors were to be referred. It would also be surprising that such an event would have gone unreported to our Front Office.

Attachment:
1. Miami Herald Article
2. Abrams/Abramowitz Memo of 5/22/86

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DECL: OADR

EXHIBIT GPS-27

[illegible]

Washington, D.C. 20520

~~SECRET~~ - EYES ONLY

R0152

7/6/87 June 2, 1986

MEMORANDUM

S 3870

TO: S/S - Mr. Platt

FROM: S/CT - Robert B. Oakley

SUBJECT: Efforts to Free US Hostages in Lebanon

I believe (and hope) that Mike Armacost spoke to the Secretary before he left about the latest NSC effort to obtain the release of US hostages, following the discussion he had with Arnie and me and the strong emphasis placed by [redacted] on maintaining the principle of no deals, no ransom for hostages. You may wish to discuss this memo with or send it to him; if you prefer, I will send it directly.

My own personal information on what has been going on recently is circumstantial, based upon using common sense to deduce what really lies behind certain actions taken for hostage-release purposes which seem highly irrational unless there is a hidden explanation. However, when put together with other information acquired separately over the past two weeks by Arnie and Mike, plus knowledge of what has happened before and the very obvious but unspecified meaning of the [redacted] e.g. they are aware of an attempted "deal", there is no doubt as to what was going on during the last ten days in May. This was in direct blatant violation of basic hostage policy approved, reapproved, stated and restated by the President and the Secretary of State; it was equally in violation of both the policy and the law on arms transfers to certain countries; and it has explosive domestic political and foreign policy implications. There is evidently an assumption somewhere that nothing will ever be known publicly, at least with any reasonable degree of certainty; therefore anything goes for hostage release which is humanitarian and should be popular at home.

In my judgment this is both a terrible way to conduct foreign or domestic policy and a naive, unrealistic, dangerous disservice to President Reagan. Too many people strongly suspect or know at least part of what is going on, and are badly upset by it or have partisan reasons to leak it, for silence to continue to prevail should there be

~~SECRET~~ - EYES ONLY
DECL: OADR

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EXHIBIT
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further efforts. If there should be a successful release the truth will still almost certainly come out, with the joy over return of the hostages only temporarily overshadowing tough questions/criticisms/accusations from certain foreign governments and domestic political circles. In addition to public criticisms, there is the problem -- often cited correctly by the Secretary -- that those holding our hostages and other potential hostage-taking groups will know of it and will know to deal with or get things from the United States. Finally, even if there were to be no outside knowledge of these efforts to ignore fundamental policy tenets, the super-secretive, apparently hypocritical approach to the problem has a significant negative impact upon many of those who are aware of it and who are also involved in doing their utmost in working faithfully for hostage release and on other problems within policy guidelines.

P.S. [redacted] raised this issue with Armacost, then with the NSC-chaired interagency group and finally more strongly in private with VADM Poindexter. They apparently had two reasons for doing so: trying to stay together with us on matters of principle; and anger that we might be deviating from the principle [redacted] ey were not pleased by Poindexter's unwillingness to match Armacost's statement that we will not pay ransom for hostage release.

5/6/87

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EXHIBIT
GPS-28

UNCLASSIFIED

[redacted]

NOTE FROM: JOHN POINDEXTER
Subject: PRIVATE BLANK CHECK

Out of the last NSPG on Central America Shultz agreed that he would think
about third country sources. I wanted to get an answer from him so we could
get out of the business. As I understand the law there is nothing that
prevents State from getting involved in this now. To my knowledge Shultz knows
nothing about the prior financing. I think it should stay that way. My concern
was to find out what they were thinking so there would not be a screw up. I
asked Elliot at lunch. He said he had recommended [redacted] where Shultz is going
to visit. They have lots of money [redacted] It seems
like a good prospect. Shultz agrees. I asked Elliot how the money could be
transferred. He said he thought Shultz could just hand them an account number.
I said that was a bad idea not at all letting on that we had access to
accounts. I told Elliot that the best way was for [redacted] to direct their
embassy here to receive a person that we would designate and the funds could
be transferred through him. Don't you think that is best? I still want to

N 12545

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educe your visibility. Let me know what you think and I will talk to George.
agree about CIA but we have got to get the legislation past.

PRIVATE BLANK CHECK

SG FROM: NSOLB   --CPUA   TO: NSJMP   --CPUA   06/10/86 23:21:54
o: NSJMP   --CPUA

** Reply to note of 08/31/85 13:26
OTE FROM: OLIVER NORTH
ubject: PRIVATE BLANK CHECK
opefully you have by now been informed that UNO/FDN safely released the eight est Germans this evening just before dark at the religious commune at rasillas. Franklin is headed North in attempt to get across the Rama Rd efore the Sandinistas can close in on him. At this point the only liability e still have is one of DEMOCRACY INC.'s airplanes is mired in the mud (it is he rainy season down there) [redacted] They hope to ave it out by dawn. On a separate but related matter: The reason why I asked to speak to you urgently earlier today is that Ray called Elliott Abrams regarding the third country issue. Elliott has talked to Shultz and had repared a paper re going to the [redacted] and [redacted] for contributions. lliott called me and asked "where to send the money." I told Elliott to do othing, to send no papers andto talk to no one further about this until he talks to you. He is seeing you privately tomorrow. At this point I need your elp. As you know, I have the accounts and the means by which this thing needs to be accomplished. I have no idea what Shultz knows or doesn't know, but he ould prove to be very unhappy if he learns of the [redacted] and [redacted] aid that has been given in the past from someone other than you. Did RCM ever tell hultz?

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JMP 7/59(1-7)

EXHIBIT GPS-29

UNCLASSIFIED

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/2

United States Department of State

Under Secretary of State
for Political Affairs

Washington, D.C. 20520

[illegible]/EYES ONLY

July 2, 1986 NP

R0164

Mr. Secretary:

You should be aware that there is renewed "conjecture" that the NSC-sponsored search for a U.S.-Iran deal for hostages will produce an early result. The story is that one hostage may be released tomorrow in Lebanon. It may be just another false alarm. In the past, Iranian interlocutors couldn't deliver. But a usually detached (an heretofore skeptical source) is more upbeat about the latest rumor.

The Israelis remain the presumptive middlemen. Their key player -- Avram Nir -- is not very discreet. He sought to get Tiny Rowlands involved in this deal some months ago. [redacted] You may have seen a reference to the subject in Jack Anderson's column a day or two ago. Hence the word is out and around.

The NSC rationale for a deal goes well beyond getting the hostages back. They argue that Iran is the strategic prize in the area, and that sub rosa provision of arms can pave the way to a broader rapprochement.

The concept has merit to a point. Certainly we should keep our options open vis-a-vis Tehran, [redacted] this seems scarcely a propitious moment to send arms to Tehran. And it has never been clear that the Iranians we are dealing with in this affair are going to possess any clout in a post-Khomeini Iran.

In the meanwhile, as this story surfaces, we are going to sow more and more confusion among our friends, who will recall our frequent lectures on no deals for hostages and no arms for Iran.

Michael H. Armacost

S 3896

2261

Partially Declassified/Released on 21 July 1987
under provisions of E.O. 12356
by B. Reger, National Security Council

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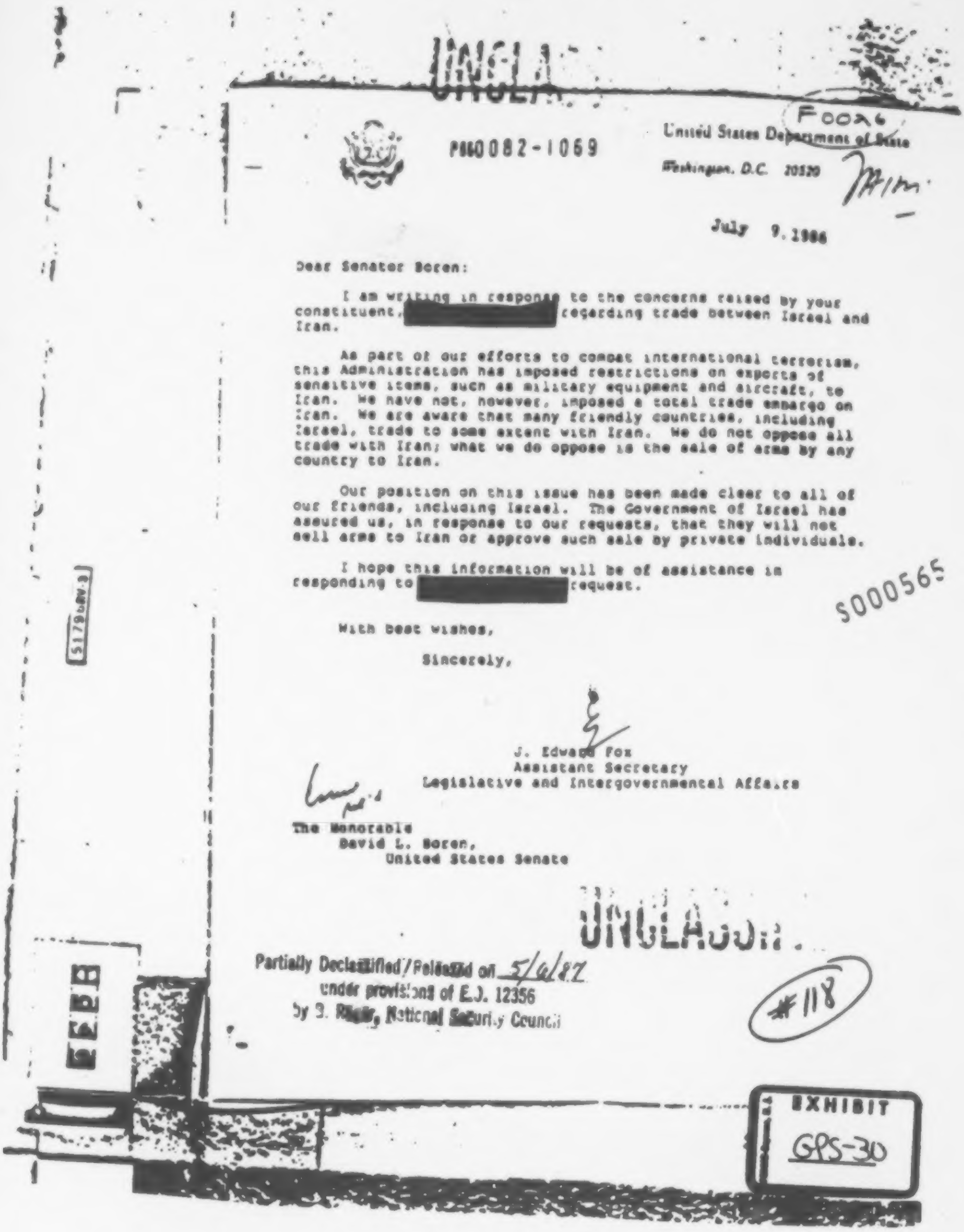
EXHIBIT
GPS-29

EXHIBIT GPS-30



UNCLA

F0026

United States Department of State

Washington, D.C. 20520

P860082-1069

July 9, 1986

Dear Senator Boren:

I am writing in response to the concerns raised by your constituent, [redacted] regarding trade between Israel and Iran.

As part of our efforts to combat international terrorism, this Administration has imposed restrictions on exports of sensitive items, such as military equipment and aircraft, to Iran. We have not, however, imposed a total trade embargo on Iran. We are aware that many friendly countries, including Israel, trade to some extent with Iran. We do not oppose all trade with Iran; what we do oppose is the sale of arms by any country to Iran.

Our position on this issue has been made clear to all of our friends, including Israel. The Government of Israel has assured us, in response to our requests, that they will not sell arms to Iran or approve such sale by private individuals.

I hope this information will be of assistance in responding to [redacted] request.

S000565

With best wishes,

Sincerely,

J. Edward Fox
Assistant Secretary
Legislative and Intergovernmental Affairs

The Honorable
David L. Boren,
United States Senate

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under provisions of E.O. 12356
by B. Reger, National Security Council

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5-6-87

EXHIBIT GPS-31

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From: NSRCM --CPUA Date and time 07/29/86 22:41:10
To: NSOLN --CPUA

J 5950

*** Reply to note of 07/29/86 20:36

~~SECRET~~

NOTE FROM: ROBERT MCFARLANE
Subject: Father Jenco's Release
Roger; take your time. Two things have come into my life which are of interest to you. The first is word from one of the few politicians I respect that Mike Barnes doesn't have a chance in the Maryland Senate race. The second is that George shults finally realizes what an enormous job you have done (if he didn't

before, he does now after four hours this evneing at his place with just the four of us preaching the gospel to him (to include Eliott's key role

Get some rest.

2262

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under provisions of E.O. 12356
by P. Reger, National Security Council

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EXHIBIT
GPS-31

EXHIBIT GPS-32

EXHIBIT
GPS-32

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N 12601

NSO FROM: NSJMP --CPUA TO: ----
To: NSOLN --CPUA

*** Reply to note of 09/17/86 12:59 [redacted]

-- SECRET --

NOTE FROM: JOHN POINDEXTER
Subject: Iran
Casey called and told me what he wanted to do. I don't think George will be a problem. He was actually enthusiastic about Cave's talking t [redacted]
Iran

NSO FROM: NSOLN --CPUA TO: NSJMP --CPUA 09/17/86 12:59:11
To: NSJMP --CPUA

*** Reply to note of 09/10/86 13:15
NOTE FROM: OLIVER NORTH
Subject: Iran
Per your note on the surveillance package I called Casey and told him we need to get on with the parole paperwork in that you had already agreed - and had furthermore just endorsed the surveillance request. He acknowledged yr approval for the plan but said he was concerned about Shultz. He said he

[illegible] on May 12, 1987
[illegible] E.O. 12356
by B. Reger, National Security Council

PIRM: HRP06 [redacted] WHITE HOUSE COMMUNICATIONS AGENCY

695

planned to tell Shultz in general terms that we were talking to another high level Iranian and that we would fill him in after the interview. I protested that experience showed that Shultz would then talk to [redacted] and [redacted] could well be the source of the Jack Anderson stuff we have seen periodically. Casey agreed to proceed with the INS parole paperwork for [redacted] and the visa for his escort but noted that he could still talk privately to Shultz about this. We are now underway with getting [redacted] aboard a chartered jet out of [redacted] CIA could not produce an aircraft on such "short notice" so Dick has chartered the a/c thru one of Project Democracy's overseas companies. Why Dick can do something in 5 hrs. that the CIA cannot do in two days is beyond me - but he does. How the hell he is ever going to pay for it is also a matter of concern, b[illegible]ick is a good soldier and never even grumped about it. You may want to t[illegible] o Sec Shultz about [redacted] before [illegible] [redacted]ll prepare a memo

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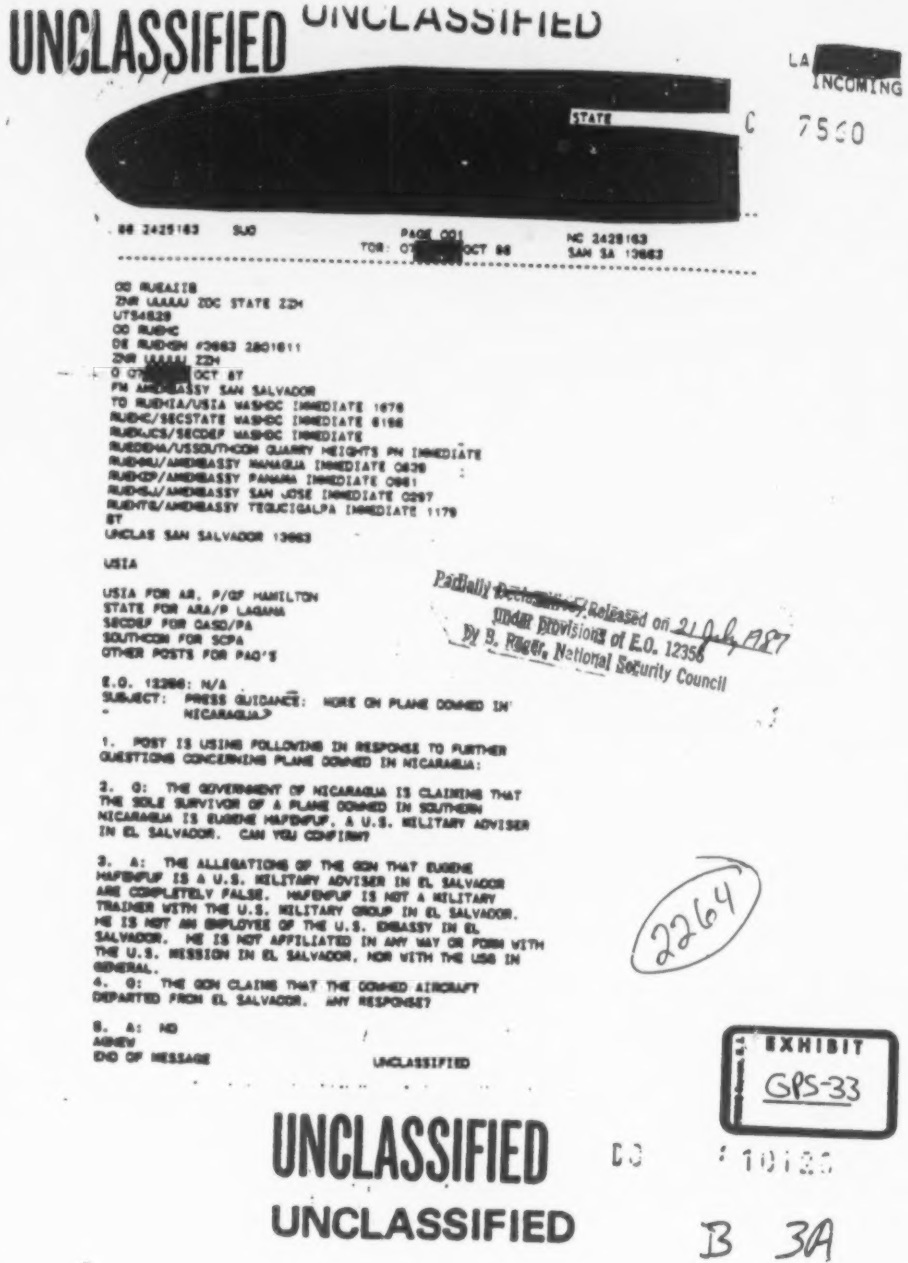
Exhibit GPS-33



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RUEKJCS/SECDEF WASHDC IMMEDIATE
RUEDEHA/USSOUTHCOM QUARRY HEIGHTS PN IMMEDIATE
RUEHMU/AMEMBASSY MANAGUA IMMEDIATE 0829
RUEHZP/AMEMBASSY PANAMA IMMEDIATE 0861
RUEHSJ/AMEMBASSY SAN JOSE IMMEDIATE 0297
RUEHTG/AMEMBASSY TEGUCIGALPA IMMEDIATE 1179
BT
UNCLAS SAN SALVADOR 13663

USIA

USIA FOR AR, P/GF HAMILTON
STATE FOR ARA/P LAGANA
SECDEF FOR OASD/PA
SOUTHCOM FOR SCPA
OTHER POSTS FOR PAO'S

E.O. 12356: N/A
SUBJECT:  PRESS GUIDANCE:  MORE ON PLANE DOWNED IN
          NICARAGUA

1.  POST IS USING FOLLOWING IN RESPONSE TO FURTHER
QUESTIONS CONCERNING PLANE DOWNED IN NICARAGUA:

2.  Q:  THE GOVERNMENT OF NICARAGUA IS CLAIMING THAT
THE SOLE SURVIVOR OF A PLANE DOWNED IN SOUTHERN
NICARAGUA IS EUGENE HASENFUS, A U.S. MILITARY ADVISER
IN EL SALVADOR.  CAN YOU CONFIRM?

3.  A:  THE ALLEGATIONS OF THE GON THAT EUGENE
HASENFUS IS A U.S. MILITARY ADVISER IN EL SALVADOR
ARE COMPLETELY FALSE.  HASENFUS IS NOT A MILITARY
TRAINER WITH THE U.S. MILITARY GROUP IN EL SALVADOR.
HE IS NOT AN EMPLOYEE OF THE U.S. EMBASSY IN EL
SALVADOR.  HE IS NOT AFFILIATED IN ANY WAY OR FORM WITH
THE U.S. MISSION IN EL SALVADOR, NOR WITH THE USG IN
GENERAL.
4.  Q:  THE GON CLAIMS THAT THE DOWNED AIRCRAFT
DEPARTED FROM EL SALVADOR.  ANY RESPONSE?

5.  A:  NO
AGNEW
END OF MESSAGE                         UNCLASSIFIED
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Partially ~~Declassified~~/Released on 21 July 1987
Under Provisions of E.O. 12356
By B. Reger, National Security Council

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EXHIBIT
GPS-33

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EXHIBIT GPS-34

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RUEHDT/USMISSION USUN NEW YORK IMMEDIATE 0000
RUEQTHA/USCINCSO QUARRY HTS PN IMMEDIATE
RUCBSAA/USCINCLANT NORFOLK VA IMMEDIATE
RUWTFTA/COMSFORCARIB KEY WEST FL IMMEDIATE
RULPAKA/CDR 1930 INFBDE (PAN) FT CLAYTON PN AFZU-PO
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INFO RUEHOT/AMEMBASSY OTTAWA IMMEDIATE 0000
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XMT AMEMBASSY NASSAU
AMEMBASSY PORT OF SPAIN
BT
UNCLAS STATE 316388

ALL POSTS PASS PAOS

E.O. 12356: N/A
TAGS: OPRC
SUBJECT: ARA GUIDANCES/BRIEFING, OCTOBER 7, 1986

1. PREPARED PRESS GUIDANCES:

NICARAGUA: SANDINISTAS SHOOT DOWN USG AIRCRAFT?

Q. WHAT CAN YOU TELL US ABOUT REPORTS FROM MANAGUA THAT A USG AIRCRAFT WAS SHOT DOWN AND THAT THE CREW WITH THE EXCEPTION OF ONE MEMBER WAS KILLED?

A. THE DETAILS SURROUNDING THE INCIDENT ARE STILL SKETCHY.

I CAN TELL YOU THAT THE PLANE AND CREW IN QUESTION ARE NOT AFFLIATED WITH THE U.S. GOVERNMENT AND THAT NEITHER SFLIGHT , THE CREW, THE PLANE, NOR THE CARGO WAS FINANCED BY THE U.S. GOVERNMENT. SANDINISTA ALLEGATIONS THAT THE AIRCRAFT BELONGS TO THE USG AND THAT THE ONE SURVIVING AMERICAN IS A-MILITARY ADVISOR IN EL SALVADOR ARE FALSE.

ACCORDING TO THE INFORMATION AVAILABLE AT THIS TIME, THERE APPEARS TO BE ONLY ONE SURVIVOR, AND THE SANDINISTA

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by B. Reger, National Security Council

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EXHIBIT
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Downed

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86 2431738 SUO PAGE 002 NC 2431738
TOR: C[redacted] OCT 86 STATE 316388

GOVERNMENT CLAIMS THAT HE IS A U.S. CITIZEN. WE UNDERSTAND THAT THE EMBASSY HAS REQUESTED CONSULAR ACCESS, AND WILL INSIST THAT THE SANDINISTA GOVERNMENT GRANT THAT ACCESS IMMEDIATELY. IF INDEED THE SANDINISTA GOVERNMENT IS HOLDING THE BODIES OF DECEASED AMERICANS, THEN THEY MUST BE RETURNED TO THEIR FAMILIES IMMEDIATELY.

Q. COULD THIS HAVE BEEN A FLIGHT SPONSORED BY PRIVATE DONORS?
A. IN ORDER TO FILL THE VOID LEFT WHEN U.S. MILITARY ASSISTANCE TO THE NICARAGUAN DEMOCRATIC RESISTANCE WAS PROHIBITED BY THE CONGRESS, THE DEMOCRATIC RESISTANCE FORCES HAVE RECEIVED ASSISTANCE FROM A NUMBER OF PRIVATE DONORS.

Q. WHAT IS THE U.S. GOVERNMENT'S VIEW OF THESE PRIVATE EFFORTS?

A. THIS ADMINISTRATION HAS MADE CLEAR IT'S SUPPORT FOR THE NICARAGUAN DEMOCRATIC RESISTANCE. WE DO NOT DISCOURAGE PRIVATE SUPPORT AS LONG AS THAT SUPPORT DOES NOT VIOLATE U.S. LAW. THIS SUPPORT HAS BEEN PARTICULARLY IMPORTANT WHILE RESTRICTIONS ON OFFICIAL U.S. GOVERNMENT SUPPORT FOR THE RESISTANCE ARE IN EFFECT. WE HAVE ENCOURAGED ALL GROUPS AND INDIVIDUALS CONTEMPLATING PROVIDING SUPPORT TO THE RESISTANCE TO SEEK LEGAL COUNSEL TO MAKE CERTAIN THAT THEIR ACTIVITIES ARE CONSISTENT WITH U.S. LAW.

Q. SINCE YOU MENTIONED THE PRIVATE GROUPS, DO YOU HAVE ANY IDEA WHICH OF THE PRIVATE GROUPS THE AIRCRAFT BELONGED TO?

A. WE HAVE NOT YET DETERMINED WHO WAS OPERATING THE FLIGHT. WE CAN STATE CATEGORICALLY, HOWEVER, THAT NEITHER THE PLANE NOR ANY OF THE CREW MEMBERS WERE AFFILIATED WITH THE U.S. GOVERNMENT.

Q. IF YOU HAVE NOT IDENTIFIED THE CREW MEMBERS, HOW CAN YOU STATE CATEGORICALLY THAT THEY ARE NOT AFFILIATED WITH THE U.S. GOVERNMENT?

A. THERE ARE NO U.S. GOVERNMENT SUPPLY FLIGHTS TO THE NICARAGUAN DEMOCRATIC RESISTANCE. SUCH FLIGHTS ARE PROHIBITED BY LAW, AND WE ARE IN FULL COMPLIANCE WITH THE LAW.

Q. WHAT ABOUT THE HUMANITARIAN ASSISTANCE PROGRAM? WERE YOU NOT FLYING SUPPLIES DOWN TO THE CONTRAS WHILE THAT PROGRAM WAS IN EFFECT?

A. WHILE THIS PROGRAM WAS IN FORCE, THE UNITED STATES WAS SUPPLYING HUMANITARIAN AND LOGISTICAL ASSISTANCE TO THE RESISTANCE.

FUNDS FOR THAT PROGRAM WERE DEPLETED SOME TIME AGO, AND THERE IS CURRENTLY NO PROGRAM TO REPLACE IT. NO U.S. GOVERNMENT AIRCRAFT OR PERSONNEL HAVE BEEN USED TO DELIVER ASSISTANCE TO THE RESISTANCE FORCES.

Q. WHERE DID THE FLIGHT ORIGINATE?

A. NO COMMENT.

Q. ANY RESPONSE TO THE CHARGE MADE YESTERDAY BY CONGRESSMAN HENRY GONZALEZ (D-TEXAS) THAT A MILITARY TRANSPORT PLANE THAT CRASHED SATURDAY IN SAN ANTONIO WAS CARRYING EXPLOSIVES OR HAD COME TO PICK UP EXPLOSIVES FOR

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THE CONTRAS?

A. THAT CHARGE IS UNTRUE. THERE ARE NO U.S. GOVERNMENT SUPPLY FLIGHTS BEING CONDUCTED FOR THE RESISTANCE. SUCH ACTIVITIES WOULD BE AGAINST THE LAW, AND THIS ADMINISTRATION IS IN FULL COMPLIANCE WITH THE LAW.

(NOTE FOLLOWING GUIDANCE SUBMITTED TO PRESS OFFICE OCTOBER 6, 1986)

NICARAGUA: SANDINISTAS PLANNING OFFENSIVE AGAINST INDIANS?

A: DO YOU HAVE ANY COMMENT ON THE WASHINGTON TIMES ARTICLE ABOUT A POSSIBLE MAJOR SANDINISTAS ATTACK AGAINST THE CONTRAS?

A: I CAN'T CONFIRM THE STORY. WE HAVE NO HARD EVIDENCE THAT THE SANDINISTAS ARE PLANNING A MAJOR OFFENSIVE AGAINST THE RESISTANCE IN NORTHEASTERN NICARAGUA. HOWEVER, THE SANDINISTAS HAVE FREQUENTLY CONDUCTED OFFENSIVE OPERATIONS AGAINST THE INDIANS. IT WOULD NOT BE SURPRISING FOR THE LEVEL OF COMBAT TO INCREASE ONCE AGAINS IN THAT REGION.

2. NO NOON PRESS BRIEFING HELD IN THE DEPT. OCTOBER 7, 1986.

SHULTZ

END OF MESSAGE UNCLASSIFIED

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EXHIBIT GPS-35

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Department of State

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PAGE 02 OF 03 SECTO 23003 042316Z
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under provisions of E.O. 12356
[illegible], National Security Council

S E C R E T SECTO 23003

[redacted] FOR PLATT ONLY

E.O 12356: OADR
TAGS: OVIP (SHULTZ, GEORGE P.)
SUBJECT: U.S. POLICY ON IRAN

J.C.W. has seen

PLEASE HAVE FOLLOWING TEXT DELIVERED BY HAND DIRECTLY TO ADM POINDEXTER FROM THE SECRETARY.

EXHIBIT
GPS-35

JOHN

I AM NOW IN THE AIR ON MY WAY TO CSCE IN VIENNA AND HAVE JUST HELD MY USUAL IN-FLIGHT PRESS CONFERENCE. THE BIG STORY THE PRESS IS AFTER IS TO ESTABLISH THAT THE U.S. VIOLATED ITS OWN POLI BY CUTTING A BIG SECRET ARMS DEAL WITH IRAN IN ORDER TO GET OUR HOSTAGES RELEASED. IN ACCORDANCE WITH THE AGREED GUIDANCE I TOTA REFUSED TO ENGAGE WITH THEIR QUESTIONS. SAYING THAT THEY WILL HAVE TO DIRECT ALL THEIR QUESTIONS TO THE WHITE HOUSE. BUT THEY ARE LIKELY TO FILE A STORY OF SOME SORT SPECULATING ON SOME SORT OF WHITE HOUSE DEAL WITH THE TERRORISTS.

I HAVE BEEN RACKING MY BRAINS ALL DAY TO FIGURE OUT A WAY TO HELP TURN THIS SITUATION IN THE BEST POSSIBLE DIRECTION. I HAVE NOT COME UP WITH A SATISFACTORY ANSWER. AT THIS POINT THE STORY IS BUILDING AND THERE ARE SO MANY ASPECTS TO IT - POLITICAL, LEGAL, DIPLOMATIC, AND IN POLICY TERMS - THAT LEAKS AND REVALATIONS

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PAGE 03 OF 03 SECTO 23003 042316Z C05/08 006787

COULD KEEP IT GOING FOR A LONG TIME IN A BIGGER AND BIGGER WAY AT THIS POINT THE BEST I CAN OFFER IS TO SUGGEST THAT THE BEST WAY TO PROCEED IS TO GIVE THE KEY FACTS TO THE PUBLIC WE COULD MAKE CLEAR THAT THIS WAS A SPECIAL. ONE TIME OPERATION BASED ON HUMANITARIAN GROUNDS AND DECIDED BY THE PRESIDENT WITHIN HIS CONSTITUTIONAL RESPONSIBLILITY TO ACT IN THE SERVICE OF THE NATIONAL INTEREST - AND THAT OUR POLICIES TOWARD TERRORISM AND TOWARD THE IRAN/IRAQ WAR STAND. THERE WILL BE MANY LOOSE ENDS TO TRY TO TIE UP FOR A LONG TIME TO COME. BUT IT SEEMS TO ME THAT THIS IS THE RIGHT WAY TO GET ALL THIS BEHIND US AS RAPIDLY AS POSSIBLE AND TO BE ABLE TO CONTINUE BUILDING ON THE IMPRESSIVE ACHIEVEMENTS WHICH THE PRESIDENT'S ANTI-TERRORIST POLICIES HAVE MADE POSSIBLE

WITH WARM REGARDS

GEORGE P SHULTZ

EXHIBIT GPS-36

TAP256 R ******* [illegible] ***

[redacted]

WHITE HOUSE SITUATION ROOM PAGE 01

N 12439

Z 05[redacted] NOV 86
FM THE WHITE HOUSE

TO [redacted]

~~T O P S E C R E T~~ VIA PRIVACY CHANNELS EYES ONLY WH00652

EYES ONLY FOR SECRETARY GEORGE SHULTZ FROM ASSISTANT TO THE PRESIDENT FOR NATIONAL SECURITY AFFAIRS JOHN POINDEXTER

SUBJ: U.S. POLICY ON IRAN (TS)

REF: SECTO 23003

1. ~~TOP SECRET~~ -ENTIRE TEXT

2. BEGIN TEXT.

EXHIBIT
GPS-36

DEAR GEORGE:

1. THANK YOU FOR PROVIDING ME WITH YOUR PERSPECTIVE ON OUR PROBLEMS WITH IRAN. I SHARE YOUR DESIRE TO FIND A WAY TO PREVENT FURTHER SPECULATION AND LEAKS ABOUT U.S. POLICY ON IRAN. NOT ONLY WILL SUCH COMPLICATE OUR EFFORTS TO SECURE THE RELEASE OF OTHER HOSTAGES, BUT MAY ALSO UNDERMINE OPPORTUNITIES FOR EVENTUALLY ESTABLISHING A CORRECT RELATIONSHIP WITH IRAN AND POSSIBILITIES FOR AN ACTIVE U.S. ROLE IN ENDING THE IRAN-IRAQ WAR.

THE WHITE HOUSE C652 DTG:05[redacted] NOV 86 PSN: 076029
TOR: 309/22192

Partially Declassified/Released on Jul 20, 1987
under provisions of E.O. 12356
By B. Reger, National Security Council

T O P S E C R E T

2213

*******T O P S E C R E T*******

DATE 12/06/86 WHITE HOUSE SITUATION ROOM PAGE 02

MESSAGE (CONTINUED):

2. AT SOME POINT WE WILL HAVE TO LAY OUT ALL OF THE FACTS. I AM CONVINCED WHEN WE DO LAY OUT THE FACTS THAT IT WILL BE WELL RECEIVED SINCE IT IS A GOOD STORY. HAVING SAID THAT, I DO NOT BELIEVE THAT NOW IS THE TIME TO GIVE THE FACTS TO THE PUBLIC. THERE ARE SEVERAL FACTORS TO CONSIDER IN ADDITION TO THE NEED TO GET THE OTHER HOSTAGES OUT AND THEN BRIEF THE INTELLIGENCE COMMITTEES BEFORE THE ADMINISTRATION SPEAKS PUBLICLY ON THIS MATTER: FIRST, WHILE WE ARE NOT COMPLETELY SURE WHAT PROVOKED RAFSANJANI TO MAKE THESE RELEVATIONS (WHICH ARE NOT TOTALLY ACCURATE), IT IS APPARENT THAT A POWER STRUGGLE OF SOME SORT IS UNDERWAY IN IRAN. THIS STRUGGLE COULD PROMPT OTHER IRANIAN OFFICIALS TO MAKE ADDITIONAL RELEVATIONS. DISCLOSURES BY THE U.S. COULD LEAD TO CONTRADICTORY IRANIAN STATEMENTS AND MISINTERPRETATION OVER OUR ATTITUDES AND INTENTIONS. SECOND, WE MAY HAVE AN OPPORTUNITY TO AFFECT THE INTERNAL POLITICAL SITUATION IN TEHRAN AND TAKE ADVANTAGE OF IT TO ADVANCE OUR REGIONAL AND ANTI-TERRORIST INTERESTS. HOWEVER, OFFICIAL STATEMENTS BY THE U.S. WILL ONLY PLAY INTO THE HANDS OF RADICAL IRANIANS WHO CONTINUE TO WANT TO DISTANCE IRAN FROM THE U.S. AND THE WEST TO THE MAXIMUM EXTENT POSSIBLE.

3. I THEREFORE REMAIN CONVINCED THAT WE MUST REMAIN ABSOLUTELY CLOSE-MOUTHED WHILE STRESSING THAT OUR "BASIC POLICY TOWARD IRAN, THE GULF WAR, AND DEALING WITH TERRORISTS HAS NOT CHANGED. MOREOVER, SPECULATION ABOUT OUR EFFORTS TO SECURE THE HOSTAGES RELEASE ONLY INCREASES THE DANGER TO THE HOSTAGES."

4. TODAY I HAVE TALKED WITH VP, CAP AND BILL CASEY. THEY AGREE WITH MY APPROACH.

5. I HAVE ASKED MY STAFF TO PREPARE A CABLE TO RELEVANT POSTS EXPLAINING OUR POLICY IN THE IRAN-IRAQ WAR HAS NOT CHANGED AND WE ARE NOT GOING TO COMMENT ON NEWS REPORTS AND SPECULATION BECAUSE OF THE DANGER TO HOSTAGES. WE WILL SEND THE DRAFT OVER TO STATE.

6. TODAY I AM ESTABLISHING TWO COMPARTMENTS. ONE IS OPERATIONAL AND I AM WILLING TO BRIEF JERRY BREMER INTO IT PROVIDING HE REPORTS ONLY TO YOU. THE SECOND IS ON POLICY AND LONG TERM STRATEGY TOWARD IRAN. I WOULD LIKE TO INCLUDE ONLY

THE WHITE HOUSE 0652 DTG:05[redacted] NOV 86 PSN: 076029
TOR: 309/2219Z

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*******T O P S E C R E T*******

*******T O P UNCLASSIFIED***** N 12441

DATE 12/06/86 WHITE HOUSE SITUATION ROOM PAGE 03

MESSAGE (CONTINUED):

MIKE ARMACOST AND ARNIE RAPHEL IN THIS ONE. IT IS ESSENTIAL THAT KNOWLEDGE OF EITHER COMPARTMENT BE EXTREMELY LIMITED.

7. TOMORROW I MEET WITH [redacted] AND WILL BE INTERESTED IN HIS ASSESSMENT AS TO WHAT IS HAPPENING IN TEHRAN. BY THE WAY, WE DISAGREE WITH THE INR ARTICLE IN THIS MORNING'S SUMMARY, QUOTE IRAN: THE POLITICAL POT BOILS UNQUOTE. WHEN YOU GET BACK I WILL GIVE YOU MY VIEW AS TO WHAT IS HAPPENING. I THINK IT IS VERY SIGNIFICANT THAT RAFSANJANI'S STATEMENT YESTERDAY THAT BUD WENT TO TEHRAN IN SEPTEMBER AND OTHER FACTS ARE WRONG. SINCE HE OBVIOUSLY KNOWS THE FACTS, I BELIEVE HE IS TRYING TO SEND US A MESSAGE.

8. PRESS GUIDANCE ATTACHED.

IRAN PRESS GUIDANCE

Q: ABOUT MCFARLANE OR SPARE PARTS OR ARMS TO IRAN?

A: WE HAVE NO COMMENT ON THESE REPORTS. AS LONG AS THERE ARE AMERICAN HOSTAGES BEING HELD IN THE MIDDLE EAST WE WILL NOT BE RESPONDING TO QUESTIONS LIKE THIS. A SIMPLE NO COMMENT WILL BE MADE TO ALL QUESTIONS ABOUT TALKS OR ACTIONS THAT MIGHT OR MIGHT NOT BE TAKING PLACE. YOU SHOULD INFER NOTHING TO THESE RESPONSES.

Q: DOES THE U.S. STILL HAVE AN ARMS EMBARGO AGAINST IRAN IN THE IRAN-IRAQ WAR?

A: AS LONG AS IRAN ADVOCATES THE USE OF TERRORISM, THE U.S. ARMS EMBARGO WILL CONTINUE. MOREOVER, THE U.S. POSITION ON THE IRAN-IRAQ WAR REMAINS THAT THE FIGHTING SHOULD STOP AND THE TWO SIDES SHOULD REACH A NEGOTIATED SETTLEMENT OF THEIR DISPUTE. WE FAVOR AN OUTCOME WHEREIN THERE ARE NO WINNERS OR LOSERS.

9. HOPE THE TALKS WITH [redacted] GO WELL.

WARM REGARDS, JOHN

THE WHITE HOUSE 0652 DTG:05[redacted] NOV 86 PSN: 076029
TOR: 309/2219Z

*******T O P S E C R E T********

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EXHIBIT GPS-37

5:55 p.m.
Primary guidance

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Iran Press Guidance

EXHIBIT
GPS-37

Q: About McFarlane or spare parts or arms to Iran?

A: We have no comment on these reports. As long as there are American hostages being held in the Middle East we will not be responding to questions like this. A simple no comment will be made to all questions about talks or actions that might or might not be taking place. You should infer nothing to these responses.

Q: Does the U.S. still have an arms embargo against Iran in the Iran-Iraq War?

A: As long as Iran advocates the use of terrorism, the U.S. [redacted] arms embargo will continue. [redacted] Moreover, the U.S. position on the Iran-Iraq war remains that the fighting should stop and the two sides should reach a negotiated settlement of their dispute. We favor an outcome wherein there are no winners or losers.

2232

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by B. Reger, National Security Council

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Exhibit GPS-38A

UNCLASSIFIED [redacted]

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Z 10[redacted]NOV 36
FM THE WHITE HOUSE
TO SAM 31682
ZEM
RV ~~CONFIDENTIA~~L VIA 31682 WH00721

PLEASE CELIVEP THE FOLLOWING MESSAGE TO SECFETARY SHULTZ FPOM ACMIPAL POINDEXTER

QQXQPXIY TCFPPM

PRESS GUIDANCE ON HOSTAGE SITUATION

THE PRESIDENT TODAY MET WITH HIS SENIOR NATIONAL SECURITY ADVISORS REGARDING THE STATUS OF THE AMERICAN HOSTAGES IN LEBANON THE MEETING WAS PROMPTED BY THE PRESIDENT'S CONCERN FOF THE SAFETY OF THE REMAINING HOSTAGES AND HIS FEAR THAT THE SPATE OF SPECULATIVE STORIES WHICH HAVE ARISEN SINCE THE RELEASE OF DAVID JACOBSEN MAY PUT THEM AND OTHERS AT RISK.

[redacted]

DURING THE MEETING, THE PRESIDENT REVIEWED ON-GOING EFFORTS TO ACHIEVE THE RELEASE OF ALL THE HOSTAZGU, AS WELL AS OUR OTHER BROAD POLICY CONCERNS IN THE MIDDLE EAST AND PERSIAN GULF. AS HAS BEEN THE CASE AT A NUMBER OF SIMILAR MEETINGS WITH THE PRESIDENT AND HIS SENIOR ADVISORS ON THIS MATTER, THERE WAS UNANIMOUSSc700945 FOR THE PRESIDENT'S DECISIONS. WHILE SPECIFIC DEVTSIO C. X8a·1ca38 AT THE MEETING CANNOT BE DIVULGED, THE PRESIDENT DID ASK IT BE REEMPHASIZED THAT NO U.S. LAWS HAVE BEEN OR WILL BE VIOLATED AND THAT OUR POLICY OF NOT MAKING CONCESSIONS TO TERRORISTS REMAINXY INTACT.

AT THE CONCLUSION OF THE MEETING, THE PRESIDENT MADE IT CLEAR TO ALL THAT HE APPRECIATED THEIR SUPPORT AND EFFORTS TO GAIN THE SAFE RELEASE OF ALL THE HOSTAGES. STRESSING THE FACT THAT HOSTAGE LIVES ARE AT STAKE, THE PRESIDENT ASKED HIS ADVISORS TO ENSURE THAT THEIR DEPARTMENTS REFRAIN FROGG MULING COMMENTS OR SPECULATING ABOUT THESE MATTERS.
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EXHIBIT
GPS-38A

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Exhibit GPS-38B

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05342

11/10/86 5:00PM

PRESS STATEMENT ON HOSTAGE SITUATION

The President today met with his senior national security advisors regarding the status of the American hostages in Lebanon. The meeting was prompted by the President's concern for the safety of the remaining hostages and his fear that the spate of speculative stories which have arisen since the release of David Jacobsen may put them and others at risk.

During the meeting, the President reviewed on-going efforts to achieve the release of all the hostages, as well as our other broad policy concerns in the Middle East and Persian Gulf. As has been the case in similar meetings with the President and his senior advisers on this matter, there was unanimous support for the President. While specific decisions discussed at the meeting cannot be divulged, the President did ask it be reemphasized that no U.S. laws have been or will be violated and that our policy of not making concessions to terrorists remains intact.

At the conclusion of the meeting, the President made it clear to all that he appreciated their support and efforts to gain the safe release of all the hostages. Stressing the fact that hostage lives are at stake, the President asked his advisers to ensure that their departments refrain from making comments or speculating about these matters.

EXHIBIT
GPS-38B

EXHIBIT GPS-39

UNCLASSIFIED

11 3 11/10

Comp: Shultz, Regan, Pres, VP, Poindexter, Keel, Casey

Pres: - need start (all of us)

N 10378

① no bargaining w/ terrorist
(no ransom for terrorists)
② Also, international Foreign Interest
(hope for moderate gov't)
-- what happens after the Ayatollah
(we can't talk about)

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JMP: - Main consideration long term strategic relationship
① support moderates
② stop terrorism
③ release hostages

Jan 17, 1986

- Read finding (not all of you have seen)
- Initially ~~[illegible]~~ used Israeli channel
-- found welcome in [redacted]
Cobj.
also, need moderate Iran,
also need want to keep war going
(keeps off their back)
- May 1986 (Bud's trip to Tehran)

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by B. Reger, National Security Council

2268

Iran: -- Channel's initially [redacted]
-- now Rafsanjani
-- "cannot resolve problem"

AK-
1/2/87

Hostages: - Lebanon
- [redacted]

EXHIBIT
GPS-39

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② UNCLASSIFIED

○ Bud went May 1986 (only trip) N 1037
-- ~~[illegible]~~ sold 1000 TOWs
-- sold = 290 types of Hawk parts
① 1st 500 TOW's went w/o permission;
-- we found out, eventually re-imburse Israel

Ed: - We didn't sell (Israel sold)
- was multi-phased transaction.

JMP: - Important to note:
-- defensive arms
-- small amount
-- my opinion, was a show of good faith

: Results:
-- after Weir, Jenco, Jacobsen, Souther- has no more hostages taken
-- solid contact w/ Rafsanjani
-- convinced of Soviet threat
Convinced can't win war
-- ~~sp~~ accept Resolution
-- emphasized anti terrorism
-- gotten three hostages back

Sit'n today:
-- three factions
-- Rafsanjani leads middle of road gr

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N 10380

-- Conservatives interested in ending war

[redacted]

-- Third group is radical: [illegible]

[redacted] who is

player, but associate is [redacted]

[redacted]: primary contact w/ [redacted]

: contact w/ group that took

three most recent terrorists

-- Rafsanjani arrested : [illegible] w/ these [illegible]

-- [redacted] published pamphlet

[illegible] in pro-Syrian magazine

-- Rafsanjani forced to speak-out:

-- purposely told inaccuracies

-- Ref: plans to not comment

-- wants strategic relationship

-- 200 ~~[illegible]~~ others

(Our gut check; however, over where w/ Casey group; says might get two more hostages by week-end)

JMP: Relationships

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N 1038

[redacted]

Planning: CPPG - long term strategy
(want to get agencies' ical

Leg: contacted [illegible] members
-- all on, except Byrd

CAP: - called Nunn today
- not helpful : SCS part [illegible]
: this ilk

~~CAP~~:
Shultz: - how did ~~[illegible]~~ last 500 come a
- who arranged?
JMP: - Casey's guy, my guy in Oct
CAP: I thought we'd agreed on none of
first 500, unless got all capt
JMP: just, always come back to Pres, he a
agreed to go ahead.

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N 10382

Meese: -- who's holding?

JMP/Casey: - Lebanon

Meese: important not Iran, so not deal w/ terrorists, trading for hostages

Shultz: - careful ~~what to~~ how we say
- ~~[illegible]~~ remember Bud's elaborate scheme: hostages to go free, if this, then (from my few snippets of info)
- seldom in session

Meese: had name as Daniloff/Zakharov
-- obviously relation but not trade

Pres: -- we were ~~buying~~ getting influence w/ Iran not ransom

Shultz: -- not sure what's diff;
-- our good part of story; e.g., w/ order in strat rel w/ Iran
-- can't be higher than what JMP says
-- have to be careful how say; worse we say something that's technically cor but not exactly representation of what we've done

CAP: - Concern re how much we; tend to Rafsan
- how much, we give our basis for action means getting Rafsanj. going w/ us.

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N 10383

Casey: - Need stick w/ our objectives
- - has been strategic obj to improve prospects for moderate gov't
  - Proposed statement:

CAP: ① Anticipate questions
② Cong. hearings

Pres: - spec / rumors has endangered what we're doing
- endangered our contacts
- on evidence, - fact was not in Iran
  - not trying to deal with ransom
  - purpose of gov't - to get on their support

- can't do Q&A (because of danger)
- ~~[illegible]~~ no change in law
-

Shultz: - agree w/ purpose of gov't to protect citizens; but whole purpose is to protect by discouraging terrorism
: ① concern that juxtaposition does appear good w/ pres. for hostages
② concern regard argument & no strategic aim re arms.

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~~TOP SECRET~~

N 10384

today and feel that Iranian mechanism
is so they could sell what they want
(money, weapons?)

③ Re [redacted] they said - particularly
that Iran was strategic prize

Good statement, but must be careful

CAP: ① emphasize that relationship [illegible]
important (people at risk)

JMP: ① if we go w/ this, end of our relationship
Iran - we don't talk TOW's, don't talk specifics
- [illegible] of nature, no Q&A's —

Regan: ① Will need to say something
to thinking people (not press)

Pres: ① Basic thread has to come out
-- not paying ransom
(not negotiating)
(not dealing w/ kidnappers/terrorists
-- within national policy
(avoid specifics, declare
consistent w/ our policy
wouldn't engage in speculation
([illegible])

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N 10385

JMP: worried about what they not doing & what ~~[illegible]~~ we are doing.

CAP: - here - in mind might get repudiation from [illegible]

Meese: - get away from idea people were exposed; [illegible]

VP: ① What about Iranian c[illegible]

Pres: ① should put down any backsliding;
.. tell them we will take a chance
: ② aimed at people

Regan: ① Who will issue Q&A's

Meese/Pres/Casey: ① no Q&A's

Shultz: - what about anti terrorist group (state of total demoralization)
Pres: say no; to dickering w/ terrorists

Shultz: - do we trade any more arms for hostages

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N 10386

Pres. - appreciate people saying you support
~~[illegible]~~ policy

- will not comment on

Nixon: agree

Strauss: I support you. Mr. [illegible] [illegible]

Pres: - always viewed as giving [illegible]
to them - I'm ~~[illegible]~~ no [illegible] help [illegible]

JMP: "aware of project", more controls

Nixon - put in Strauss

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EXHIBIT GPS-40

There are three aspects to the Iran thing that I'd like to go over with you: the strategic policy; getting the hostages released; and how to deal with this massive criticism right now.

The Strategic Dimension

It is important for the United States to have Iran take a more moderate position and recognize its own strategic necessities.

Iran appears to be doing just this. Iranian authorities have contacted us, indicating that they want secret -- but officially structured -- discussions on improving relations. And they have not posed any preconditions (e.g., arms sales) for such talks.

This reaching out to us has been inevitable. Ultimately they have no choice. Any Iranian government -- looking at their long border with the Soviet Union -- just has to turn toward the U.S. eventually. And they have plenty of other troubles: the war, a devastated economy, the Soviets in Afghanistan, domestic social unrest. Moderation makes sense in these circumstances.

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Iran needs us. They are starting to realize it and act on that realization. And we are quietly engaging with them on this.

EXHIBIT
GPS-40

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~~TOP SECRET~~

Partially Declassified/Released on 20 July 1987
under provisions of E.O. 12356
by B. Reger, National Security Council

So we should *work* for a better relationship with Iran but we don't have to *pay* up front for it. It's in the interest of both the U.S. and Iran that the relationship improve. But *they* are the ones reaching out. Arms sales at this point are not necessary.

On the contrary, the arms sales hurt our effort to build a constructive strategic relationship with Iran. The idea is to enable "moderates" to show they can produce results from the U.S. But if our goal is to build a long-term relationship of mutual respect and responsibility, the arms sales have damaged our interests. Our own policies and official statements -- on the Gulf war, on Israeli deliveries, on AWACs, on terrorism -- have just been turned upside down by this operation. The Iranians see this. It has to affect their attitude toward us. It makes us look like an uncertain and unreliable policy partner.

So it wasn't a good idea from the standpoint of our strategic policy toward Iran.

Impact on
- Israeli deliveries
- Arab attitudes to our statements about "[illegible]"
- Suppliers [illegible]

The Hostages

Then, we are working to get the hostages released. Do arms sales help us in this? I don't have the details but it looks like arms shipments took place in the context of a hostage release, or even that the release was conditioned on the arms transfer.

This also is not a good idea, for a long list of reasons.

-- Criminals and terrorists see that hostages can be taken for profit. The reality is that more Americans keep being taken hostage because people now think we are willing to buy them back.

-- Since we're now selling arms to Iran, the door is open for bigger [redacted] arms sales. The military balance in The Gulf will be affected. The effort to end the war by drying up the arms flows has been undermined.

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-- [redacted] Moderate Arabs in The Gulf Region are less secure than before.

-- And our effort to get a sustained, increasingly strong unified effort against Syrian terrorism is dead in the water. Our tough line with the allies does not stand up, because they see us doing exactly what we pressured them not to do. So our credibility there is pretty much shot.

Credibility

This leads to the third -- and maybe the most important -- part of the problem.

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The facts of what has happened are coming out fast. There is a real danger of spinning a web of misleading if not incorrect statements that won't stand up to press and Congressional investigation. If there is not full and swift disclosure -- to the public and to the intelligence committees, as appropriate -- this affair is going to go on and on in an agonizing and terribly corrosive way.

In the eyes of the American people the most important achievement of the Reagan Administration has been the restoration of the stature and dignity and credibility of the Presidency. Ronald Reagan is a guy who stands by his statements and doesn't mislead. He has reestablished the people's confidence in the office of the Presidency. That has to be maintained, or every achievement of this Administration will be at risk.

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..MINISTRATION STATEMENTS ON IRAN

"And you had to say, What was on Iran's mind?' . . . Iraq now had made overtures to have a negotiated settlement and end the war. And Iran has refused to do this. So Iran is in more or less the position of demanding unconditional victory . . . . Iran, as I say, is the one now who seems to resist any effort, short of a total victory, ending that war."

—President Reagan in interview with television correspondents, May 31, 1984

"A license would be required, and normally not granted, for any exports of aircraft or spare parts for aircraft [from the United States] regardless of value or weight, and for export of outboard motors of 45 horsepower and above . . . . [This will] demonstrate the seriousness of our determination to prevent export of controlled items from us as long as the Iranian regime continues in its present hostile policies."

—State Department spokesman Alan Romberg describing new restrictions imposed on exports to Iran, Sept. 27, 1984

TURKEY
SOVIET UNION
Tehran
IRAN
Baghdad
IRAQ
Dezful
Basra
Khorramshahr
Abadan
KUWAIT
SAUDI ARABIA
BAHRAIN
QATAR
U.A.E.
0
200
MILES

'e're also concerned about the war between Iran and — conflict that is raging only a few by air from Saudi territory. This d has dragged on far too long eatens peace throughout the egion. The United States will do what we can, diplomatically, to end the fighting."

—Reagan at the arrival ceremony for udi Arabia's King Fahd, eb. 11, 1985

"We continue to believe there can be no military resolution of the conflict and all upon Iran to join Iraq in accepting the many international calls for a cease-fire nd negotiated settlement. We do not provide arms to either side, either directly or ndirectly, and we are making substantial efforts to diminish the flow of arms to an from free world sources as a means to induce Iran to end the fighting."

—State Department spokesman Edward Djerejian, March 20, 1985

"The dangerous conflict between Iran and Iraq now continues because of Iran's transigent refusal to participate in a negotiated solution. We have stated our deep concern . . . . because of the danger of misunderstandings, overstepping of rights nd norms, and even violence . . . . The U.S. government repeats its call for Iran to ange its position regarding a solution to the conflict, and again calls for the ickest possible end to the war."

—Statement by White House spokesman Larry Speakes, Jan. 13, 1986

"As long as Iran advocates the use of terrorism, the U.S. arms embargo ll continue."

-Statement by White House spokesman Larry Speakes, Nov. 4, 1986

piled by James Schwartz and Michele Hall

Sept 1985	Arms sent from Israel to Iran (NBC TV Report on Iran plane at Ben Gurion airport). Then Weir Released
Nov. 1985	Israel flys arms from [redacted] to Iran, after which 7 hostage to be released. Deal collapses when Iran Rejects arms as too old.
Jan. 1986	money, in the millions, offered for Kilburn's release
May 1986	various reports of money, gas, arms offered for unspecified number of hostages
July 1986	Jenco released, then arms shipped to Iran ($20 million $4 million Israeli)
Nov 1986	Jacobsen released, arms as not clear.
Nov. 1986	Iranian plane to pick up a in [redacted]; then Anderson, Sutherland, and remains of Buckley to be released.

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EXHIBIT GPS-41

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<HEADER>
\MSG FROM: NSPBT    --CPUA                                    11/14/86 20:03
 To: NSOLN    --CPUA

                                                              N 19121
  OTE FROM: PAUL THOMPSON
<SUBJECT>
 SUBJECT: findingon Iran
<TEXT>
 jmo would like to have the finding sent out to the principals
 involved in the instant national security decision(VP, Shultz, Weinberger,
 Casey, Meese, Regan) via the [redacted] channel.

 cc: NSPLE    --CPUA                         NSCPC    --CPUA
     NSAGM    --CPUA     ALTON G. KEEL       NSRBM    --CPUA
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Partially Declassified/Released on 2 July 1987
under provisions of E.O. 12356
by B. Reger, National Security Council

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findingon Iran
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EXHIBIT
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EXHIBIT GPS-42

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FACE THE NATION

Sunday, November 16, 1986

CBS Television Network, 10:30 AM - 11:00 AM, ET
and the
CBS Radio Network, 12:30 PM - 1:00 AM, ET

MODERATOR: Lesley Stahl - CBS News National Affairs Correspondent

GUESTS:

GEORGE P. SHULTZ
Secretary of State

REPRESENTATIVE JAMES C. WRIGHT, JR., (D-TX)
House Majority Leader

EXECUTIVE PRODUCER: Karen Sughrue

PRODUCER: Jeanne Edmunds

DIRECTOR: Paul L. Taylor

ORIGINATION: Washington, D.C.

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EXHIBIT
GPS-42

FACE THE NATION - November 16, 1986

MS. STAHL: Welcome to FACE THE NATION. I'm Lesley Stahl. President Reagan's efforts to quiet the criticism of his secret arms shipments to Iran have only fueled the fire and brought on renewed attacks--from Congress, from moderate Arab states, and from U. S. allies.

PRESIDENT REAGAN: I think most Americans will approve of our efforts to better relations between our countries, and rejoice that it has resulted in the freeing of some of our fellow citizens who had been hostages.

MS. STAHL: But the President's explanation of why he sent arms to Iran and his denials of a trade for hostages were met with widespread skepticism.

SENATOR CARL LEVIN (D.-Mich.): How in the name of heaven we could be saying one thing so clearly in public, we could be certifying one thing so clearly to the Congress, and doing something so totally different in fact.

SENATOR BARRY GOLDWATER (R.-Arizona): I think President Reagan has gotten his butt in a crack on this Iran thing.

MS. STAHL: President Reagan's admission that he approved arms deliveries to Iran is straining relations with friendly Arab nations, perturbed that just six weeks ago Secretary of State Shultz assured their delegations at the U. N. that the United States was not doing what the President now says it was doing.

DONALD REGAN (White House Chief of Staff): We were not trading arms for hostages.

MS. STAHL: The President's men pursue their sales campaign, a media blitz, trying to drown out the controversy, as the White House hinted it might refuse to cooperate with congressional investigations, suggesting officials would claim executive privilege and refuse to answer questions.

SENATOR ROBERT BYRD (Senate Minority Leader): We have heard that the Secretary of State and the Secretary of Defense were displeased and irritated by this situation. So who's making policy?

MS. STAHL: Did the two cabinet secretaries oppose the secret plan, and, if so, why? We'll ask Secretary of State George Shultz and we'll hear from the incoming Speaker of the House, Jim Wright, on what plans the Democrats have for investigating the operation.

The U. S. sends arms to Iran. What did we get in return? An issue facing the nation.

ANNOUNCER: From CBS News, Washington, FACE THE NATION, with National Affairs Correspondent Lesley Stahl.

FACE THE NATION is sponsored by General Motors, the GM odyssey, science not fiction, leading the way to the 21st century.

(Announcements.)

MS. STAHL: With us now from Oklahoma City, House Majority Leader Jim Wright. Welcome to FACE THE NATION, Mr. Wright.

REPRESENTATIVE WRIGHT: Thank you, Lesley.

MS. STAHL: As we know, congressional investigations are being planned. From what you know so far, has the Administration broken any laws in its operation with Iran?

REPRESENTATIVE WRIGHT: Yes, Lesley, it appears that laws have been broken. Most members of Congress approve Mr. Reagan's efforts to seek a friendlier relationship with Iran, but we feel very strongly that he should not have sent arms to that terrorist country nor should he have instructed his administrators to withhold vital information from the Congress for eighteen months in contravention of the law.

MS. STAHL: Before I ask you about the investigations, and specifically what you think they violated, do you believe, despite what the President said, that in fact arms were traded for hostages?

REPRESENTATIVE WRIGHT: Lesley, it is my inclination to accept the word of the President of the United States as to his motives and his intentions. Unfortunately, it must appear to many countries throughout the world that arms were exchanged, though indirectly. I think our important mission is not to establish any precedent by which any country on earth may think that it can seize American citizens and hold them hostage and then barter their freedom for arms or for any other covert change in American foreign policy. We have to establish clearly that we Americans do not deal with terrorists; we don't deal in human misery or trade on human misery, and we don't pay ransom to kidnappers.

MS. STAHL: Well, if it wasn't for the hostages, do you agree that because, as the President says, Iran is of such strategic importance that it was necessary to show some good faith, a sign of good faith, and that therefore sending, as he says, just some minuscule amounts of arms was worth it just to establish better relations?

REPRESENTATIVE WRIGHT: Well, we shouldn't have sent arms. We should have sent medical supplies or things of a benign character that their country needs.

I think of course that Iran is a very important geostrategic country. It is a country with which we have in the past enjoyed very fine relationships, and I find no fault whatever with an effort on the part of the President and our State Department to try to explore every avenue of improving relations, particularly with the moderate factions in Iran.

But I don't think we should send arms, because I think the law expressly forbids the shipment of arms to terrorist countries, and the law expressly defines Iran as such a country.

MS. STAHL: Well, what you're saying is being said almost universally by just about every--every expert, Democrats, Republicans, and you now have not only heard the President speak publicly, but you've been briefed at the White House. How do you think this came to happen with so many people saying we shouldn't have sent arms at all? How did it happen?

REPRESENTATIVE WRIGHT: Well, apparently the genesis of it was in January, January 17th, on which date the President wrote an instruction to the director of the CIA to withhold from Congress information about this transaction.

That I think was the beginning of the difficulty. The law ---

MS. STAHL: Was that a breaking of the law, in your mind?

REPRESENTATIVE WRIGHT: Yes, I believe that it is. As I read Sections 501 and 502 of the National Security Act, there are express provisions to the effect that the CIA and every agency involved in intelligence activity must report to the Congress. Now, on those extreme exigencies, which the law recognizes, where a sudden decision has to be made, in light of ever swiftly changing circumstances, it sets up an alternate provision under which the President may simply notify the leaders of Congress. But in this circumstance that wasn't followed.

That provision was followed, incidentally, just hours before the invasion of Grenada and just hours before the bombing of Libya. But in this instance, for eighteen long months Congress was kept in the dark.

Now, it's possible that under the constitutional provisions the President may be claiming executive privilege, but I don't believe it applies in this case. And in that we are a government of laws and not a government of men, even the President of the United States is compelled to respect and obey the law. And why we don't seek a confrontation--we'd much rather have a conciliation and an understanding in which the President and the Congress can find an avenue in which jointly to seek consensus. We have to call attention to the fact that these laws were written for a very clear purpose, and that purpose was to avoid mistakes in foreign policy. It's like the safety catch on a gun.

MS. STAHL: There are already hints that if you do try to hold a hearing and call or even subpoena the President's White House aides--Mr. Poindexter, Oliver North, people who were the ones directly involved in this operation in Iran--that they will refuse to testify on the grounds of executive privilege. And apparently the President has a legal right to prevent his aides from testifying to a congressional committee.

What would you do then?

REPRESENTATIVE WRIGHT: Lesley, let's not anticipate that. I hope it doesn't come to that.

MS. STAHL: But what if it does?

REPRESENTATIVE WRIGHT: It doesn't have to be that way.

MS. STAHL: And let me ask you something else. What if you all ---

REPRESENTATIVE WRIGHT: I want to anticipate instead that our Administration is going to obey the law and respect the law.

MS. STAHL: Well, what if you determine that the White House broke the law or the President broke the law, what could you do about it? What's the recourse?

REPRESENTATIVE WRIGHT: I have no intention to try to embarrass or punish any person in the executive branch. But I do think that we need to establish a very clear unequivocal precedent that the law is supreme, that it has to be followed.

MS. STAHL: Yes, but what would you do, if you all determined they broke the law? What can you do?

REPRESENTATIVE WRIGHT: Please don't put me in the position of uttering threats.

MS. STAHL: Well, speak hypothetically, without referring to President Reagan specifically. If the Congress finds that the White House, in a case like this, breaks the law, what could you do?

REPRESENTATIVE WRIGHT: Well, of course, there are other and extreme cases. This is what came finally to the crashing confrontation and that very, very sad episode in American history surrounding Watergate and Mr. Nixon's claim of executive privilege. Let's not even anticipate that something so severe as that would ever occur. We don't want that kind of thing. We want the creation of an atmosphere in which members of Congress and the President can sit down in mutual trust and mutual respect and talk these things out, as the law anticipates that we shall.

MS. STAHL: Mr. Wright, let me ask you a final question, if I can. There are some people who say that because the Israelis were behind this, and perhaps even suggested this trade of arms, that the Congress will never really pursue this investigation. Can you respond to that?

REPRESENTATIVE WRIGHT: Lesley, I really don't think that has anything to do with it. The law is clear, and it's unequivocal, and the Congress exists for the purpose of making laws, working with the President of the United States in the pursuit of foreign policy. We don't want to give the world the impression that we are so eaten apart by the corrosive acids of internal political division that we are incapable of conducting foreign policy. We want to have unity, and I'd like to help restore the kind of an atmosphere that existed when I first came to Congress, when Sam Rayburn was the Speaker and Mr. Eisenhower was the President, and we worked together. And that's the kind of thing I'm inviting.

So I want to ask the President and the Secretary of State to be very assiduously mindful of the requirements of law so that we can avoid these things in the future.

MS. STAHL: Well, Mr. Wright, Secretary of State Shultz is coming up very shortly. We do thank you for being our guest.

REPRESENTATIVE WRIGHT: Thank you, Lesley.

MS. STAHL: Thank you. We will be back with the Secretary of State. But first this clip from 1980 when then candidate Reagan criticized then President Carter for his handling of the Iranian hostage crisis.

THEN-CANDIDATE REAGAN: It is time for us to have a complete investigation as to the diplomatic efforts that were made in the beginning, why they have been there so long, and, when they come home, what did we have to do in order to bring that about, what arrangements were made. And I would suggest that Congress should hold such an investigation.

(Announcements.)

MS. STAHL: Joining us now, Secretary of State George Shultz. Welcome to FACE THE NATION, Mr. Shultz.

FACE THE NATION - November 16, 1986

Is it true, as has been widely reported, that the secret shipment of arms to Iran, the operation, went forward despite your objections to it? And, if that's true, why did you object to it?

SECRETARY SHULTZ: I never discuss the advice I give to the President, that's something between the President and I. But let me tell you how I see this. First of all, as Congressman Wright, Speaker Wright, said, there was an opportunity to probe for a different relationship with Iran, and, because of the strategic situation, that seemed important to us--and I might say, because of the strategic situation, it undoubtedly is important to Iran, so there's something mutual there. In addition, the war, Iran's terrorist acts, its efforts to ship its revolution abroad, constituted a problem, and if something could be done about that, we'd be better off. By and large, everybody agrees that that's a good thing to do. So the President decided on a probing operation to sort of feel his way, find out what might be done. In order to be effective, clearly that had to be done secretly, and I think people would agree on that.

In the course of that probe, which was conducted by his National Security Adviser--that's his designated hitter--as the President said in his address to the nation last week, he decided that a signal should be sent in terms of a small defensive arms shipment to show his serious intent and good faith. That's debatable. You can ---

MS. STAHL: But that's the crux of it.

SECRETARY SHULTZ: No, wait a minute. You can argue for that--there are some good reasons why; you can argue against it. At any rate, when you get elected President, that's one of the things you get the right to do, is to make decisions of that kind. So the President decided on this signal, and he did it. And he ---

MS. STAHL: On whose advice, though?

SECRETARY SHULTZ: And he set that out before the nation very clearly. Now, the probe has gone on, and we all recognize that there are two principal obstacles to the kind of relationship we'd like to see with Iran. One is the continuing war with Iraq--and Iran is the country that seems intransigent, not wanting to get it settled. Furthermore, Iran has and continues to pursue a policy of terrorism, as shown, for example, in the fact that some terrorists were part of the pilgrimage to Mecca recently, last summer, so they continue in that policy. And we have to be concerned about terrorism, whether directed against us or directed against anybody else. So those are two principal and mixed-together obstacles.

MS. STAHL: May I ask you ---

SECRETARY SHULTZ: And we need to, of course, respond to those. And among our responses is our denial of arms shipments to Iran. And that policy remains our policy, it is in effect, and there it is.

MS. STAHL: You must explain that to the American people. You ---

SECRETARY SHULTZ: I've just explained it.

MS. STAHL: No, that--let's try to concentrate on the arms part of this. Everybody will--I will stipulate with you that a lot of people think the probe was a good idea. It's the arms that everybody is concerned about. First, before we even get into what you just said, that that continues to be our policy, you went yourself to the U. N. six weeks ago while this secret operation was under way, after the President had sent some arms directly, and apparently sanctioned, condoned, third-party shipments to Iran, and told the moderate Arab states at the U. N. that we weren't doing that. Now, how could you have done that?

SECRETARY SHULTZ: The President decided, as he said publicly to the nation--he didn't particularly want to disclose it at that time, but he felt he needed to ---

MS. STAHL: Because he got caught.

SECRETARY SHULTZ: Well, no, I don't think that's a fair way to put it. He was conducting an ongoing probe, and he was seeing some responses to that, and so he wanted to keep it going--and I think we all recognize that, for better or worse, all of the publicity probably sets that back somewhat. At any rate, he decided to put forward as a gesture--as a signal, I think was the word he used--of his good intent something that they recognized was tough for him to do, and he did it, and wanting to give a signal of a desire for a different kind of relationship. Now, that's controversial, and there it is. And you can argue for it, you can argue against it.

MS. STAHL: But why did you then go and tell the Arabs that we weren't doing that?

SECRETARY SHULTZ: First of all, my own information about the operational aspects of what was going on was fragmentary at best, so that's one point. Second, our policy, insofar as arms shipments is concerned, remains and there hasn't been any flood of U. S. arms to Iran as seems to be implied, as far as I understand.

MS. STAHL: I still don't understand why you went and pledged and told the moderate Arab states that we were not sending shipments of arms to Iran when we were.

SECRETARY SHULTZ: Well, as far as I knew at that time, we didn't have any ongoing further signals. We had a signal, we had given the signal, and our discussion continued. It's a problem. But the President decided to send something small as a signal, and he did it.

MS. STAHL: I don't want to badger you, but you are not answering my question.

SECRETARY SHULTZ: Well, no, you can badger me.

MS. STAHL: Why did you--okay, good--why did you not tell the Arabs the truth? Why did you tell them an untruth?

SECRETARY SHULTZ: The basic truth is that we continue to have a very firm arms embargo, and we continue to ---

MS. STAHL: How can you say that to the American people?

SECRETARY SHULTZ: --- work at it.

MS. STAHL: You're trying to say--you know, it's just like Daniloff, you try to tell us that a swap wasn't a swap, you are trying to tell us that we have a policy of not sending arms when we have sent arms directly and we have permitted it through Israel--and I expect that you are not going to confirm that, but we all know that. Now, how can you say we have a policy against sending shipments to Iran? How can you look at the American people and tell them that?

SECRETARY SHULTZ: We have a policy of not sending arms, and the President decided that he would go ahead and send this signal. And that's a decision that he made in the light of all the circumstances. And, as I say, you can argue for it and you can argue against it, but there it is.

MS. STAHL: What did we get in return for the shipments of arms?

SECRETARY SHULTZ: Well, it remains to be seen what precisely takes place. There is a certain amount of evidence that our ability to talk to Iran in a sensible fashion has improved, and a certain amount of evidence that their terrorist acts against Americans at least has improved, although I want to quickly say that we must look on the terrorism matter as an international matter, not just something limited to Americans.

MS. STAHL: Did you ever consider resigning over this?

SECRETARY SHULTZ: Oh, I talked to the President; I serve at his pleasure, and anything that I have to say on that subject I'd just say to him.

MS. STAHL: Who has taken the three new hostages? Mr. Poindexter, the National Security Adviser, went on a televisiion show earlier this week and said that radical elements in Iran took the three new hostages. Is that your understanding?

SECRETARY SHULTZ: I think it's hard to know exactly what is going on. We don't know where our hostages are, and we don't know exactly who holds them. But it does seem to be reasonably clear that groups in Lebanon associated with Iran are the ones who are dealing with the hostages.

MS. STAHL: Now, let me ask you about U. S. ---

SECRETARY SHULTZ: And I might say that Iran's use of

[redacted]

s taking of hostages, to me is something that we
jainst very hard and unequivocally.
TAHL: What can the United States do to restore its
cs greatly damaged credibility, over this with the
scalding mad, as I know you know, because you have
ith some of their representatives here, and U. S. allies
en leaning on not to send shipments of arms to Iran?
going to do to try to repair this damage?
CRETARY SHULTZ: We have to set out our policy, let
:l ly that what we sent was a signal--a signal has
and that's that; and continue to probe and probably
it in some different framework with all of the publicity

MS. STAHL: Well, let me ask you, if you tell our allies
diplomats that our policy remains to embargo arms against
n't they just going to smile and laugh and say come on,
ing it, we're going to do it?
SECRETARY SHULTZ: Probably they will. On the other
e have to be serious about it ourselves, and we have to
ce it, and we have to point out to them the reason why we
nat policy. And the reason why we have it applies to them
.l: they have a stake in a changed Iran, they have a stake
end of the war, they have a stake in a change in terror, and
. So I think the basic policies of probing Iran but at the
time being tough about an arms embargo and being tough on
:or'sm and not trading arms for hostages--the President said
t t t was not his intent and he did not do that--and I think
is clearly wrong to trade arms for hostages. So that is our
licy, that remains our policy. And I might say that all of the
iblic discussion probably helped somewhat, because it has kind of
onfirmed the fact that, cruel as it may seem to the families
. -and we all can feel that--still, it isn't the right
-o trade arms or anything else for hostages,
-ore.

MS. STAHL: Will there be any more arms shipments to Iran, either directly by our government or through any third parties?

SECRETARY SHULTZ: It's certainly against our policy.

MS. STAHL: That's not an answer.

SECRETARY SHULTZ: And I think the signal has been given.

MS. STAHL: Well, sir, it was against our policy before and we went ahead and did it. You seem to be saying there will be.

SECRETARY SHULTZ: We gave a signal and the signal has been given, and, as far as I'm concerned, I don't see any need for further signals.

MS. STAHL: Well, then, why don't you answer the question directly? I'll ask it again. Will there be any more arms shipments to Iran, either directly by the United States or through any third parties?

SECRETARY SHULTZ: Under the circumstances of Iran's war with Irag, its pursuit of terrorism, its association with those holding our hostages, I would certainly say, as far as I'm concerned, no.

MS. STAHL: Do you have the authority to speak for the entire Administration?

SECRETARY SHULTZ: No.

MS. STAHL: On that note we'll take a short break, and we'll be back after this message.

(Announcements.)

MS. STAHL: To my own amazement, we have run out of time. I would like to thank the Secretary of State for being our guest. I am Lesley Stahl. Have a good week.

ANNOUNCER: This portion of FACE THE NATION was sponsored by the men and women of the General Motors Corporation, GM, mark of excellence.

EXHIBIT GPS-43

SECRET

S3 3774

MEMORANDUM OF CONVERSATION

On 18 November 1986, at 5:00 p.m., Armacost and Sofaer attended a meeting with Adm. Poindexter, at Poindexter's request, in his office. NSC attorney Paul Thompson also attended. Poindexter presented a review of some of the facts of USG arms transfers to Iran. Although Poindexter referred from time to time to a document that appeared to be a chronology, the presentation was not strictly chronological, and was interrupted periodically by questions from Armacost and Sofaer. The following outline emerged:

1. June 1985. The idea of opening a channel to Iran was expressly considered in connection with a proposed NSDD which included arms sales as a strategy. DOD and State opposed arms sales.

2. July 1985. Kimche visited the U.S. and proposed to McFarlane that the U.S. allow Israel to transfer some arms to Iran in order to establish a channel to [redacted] McFarlane refused expressly to sanction such a shipment, and made clear that the U.S. would not trade arms for hostages. He did express a strong interest, however, in establishing a channel to Iran, and in response to a question he opined that the USG would not stop selling arms to Israel if a transfer occurred. He apparently informed the President of this action.

3. September 1985. A transfer of 508 TOW anti-tank missiles occurred from Israel to Iran. A meeting was held in the President's residence, at which Secretary Shultz was present to discuss this issue. GPS and Weinberger objected, and raised legal obstacles to arms transfer.

4. October-December 1985. Meetings occurred in London and elsewhere between Casey, other CIA officials, NSC personnel, Iranians, and Israelis. Peres chose Nir to represent Israel. These discussions made clear that the September transfer had potentially opened a channnel for the U.S. [redacted] who actually attended a December meeting with McFarlane in London. At this meeting, McFarlane laid out USG objectives, and was told by Gorbanifar that Iran could stop hostage taking, and that Khomeini had issued a Fatwa (pronouncement) that terrorism is inconsistent with the Koran.

3/6/87

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EXHIBIT
GPS-43

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2

5. December 1985. A meeting was held at the President's 3775 residence, attended by Weinberger, McFarlane, and Meese. (Poindexter was unclear as to Secretary Shultz' presence.) The President heard a report on the project, as well as all views, and was told by the Attorney General that he could lawfully proceed with the plan as an intelligence operation. The President decided to go ahead and ordered a finding prepared.

6. January 17, 1986. A finding on Iran was signed. (Poindexter showed it to Armacost and Sofaer. It is well drafted, and stresses the strategic issues, mentioning the return of hostages as the third objective being sought.)

7. February-April 1986. Meetings took place between representatives of the U.S.(NSC, CIA), Israel, and Iran [redacted] The Iranians with whom the U.S was in touch were young and claimed a need to demonstrate through arms transfers (specifically including TOWs) that they were dealing with the USG. The U.S. periodically gave the Iranians intelligence to attempt to convince them that Iran could not win the war with Iraq. Additional shipments of arms were also provided during this period, specifically 1000 TOWs, plus 508 TOWs to replenish Israeli shipment in September 1985.

8. May 1986. McFarlane visited Tehran and attempted to establish higher contacts. He met advisers of the leadership, but none of the three top leaders was willing to meet him. The Iranians wanted the meetings, but failed to prepare for the visit. (Poindexter gave Armacost a copy of the talking points prepared for McFarlane's use in Tehran.)

9. May-November 1986. Discussions and other activities continued. (Thompson had told Sofaer earlier in the day that at least one shipment of arms may have reached Iran after August 1986, when Congress passed a law prohibiting all transfers to Iran.) The operation became public when an Iranian faction sought to embarrass Rafsanjani [redacted] became (and may still remain) the USG's main point of contact. (He had no government position [redacted]

Other facts communicated by Poindexter including the following:

-- USG shipped a total of 2008 TOW missiles, and 240 line items (spares, etc.) for Hawk air defense batteries (which U.S. experts believe will prove useless);

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S 3776

[redacted]

-- Israel agreed to ship only what the USG allowed, but Poindexter believes Israel has shipped what it wanted to ship, though such shipments may now be suspended or slowed;

-- Iran paid in advance for these shipments to Israel, which paid the USG through a "proprietary". Poindexter is sure that the arms merchant took his profit, but does not know how much was paid by Iran, only how much was paid to the CIA and DOD;

-- NSC kept no memcons of any of the meetings involved, Poindexter said. Some recordings do exist, however, of meetings with Iranians. (Sofaer asked that they be transcribed promptly.)

-- At least one contact has been made after public exposure of this channel. The Iranians indicated they were still trying to obtain the release of two remaining American hostages, and to find out the location of the three hostages most recently seized;

-- Poindexter believes the USG should continue to pursue the objectives of the Finding, but did not say anything about future arms transfers. He said that the effort was now less tightly held so State could be more involved.

-- Armacost and Sofaer emphasized the need to prepare all witnesses carefully, and to answer correctly all questions, especially those related to activities prior to January 17.

5/6/87

EXHIBIT GPS-44

UNCLASSIFIED Washington, D.C. 20520

November 18, 1986

EXHIBIT
GPS-44

Mr. Secretary:

Here are some of the key questions the President may get Wednesday and suggested answers:

1. The White House has said you have "no plans" to ship additional arms to Iran. Under what conditions would you ship them? Would those same conditions apply to the American attitude toward third country shipments, including Israel?

Answer: The reason I decided to allow a small shipment of arms was to provide a signal to the Iranians of our intent. That signal has been given. However, there are areas where we disagree with Iran. Iran threatens her neighbors and is conducting a war against Iraq. Iran continues to support terrorism. Until Iran ceases these activities, I will not approve additional shipments of American arms to Iran. And until these conditions are met, we will also strive to discourage actively third country shipments to Iran, [redacted]

2. Does Iran continue to support terrorism?

Answer: Yes, [redacted] Nonetheless, Iran and Iranian-backed groups continue to practice terrorism against other countries. [redacted]

222

3. Is the effort to seek a better relationship still going on? If so, will the NSC still be responsible for implementing the President's policy?

Answer: The objective reasons why it was a good idea to probe for better relations have not been changed by the revelations of the past two weeks. It is still in America's long term interests to seek better relations with Iran. So we will carry on with that policy. However, the time has come for the dialogue to be put into regular, though still quiet, diplomatic channels under the direction of the Secretary of State.

UNCLASSIFIED

Declassified/Released on 30 July 1987
under provisions of E.O. 12356
by B. Reger, National Security Council

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4. Are you abandoning the American hostages? Will you discuss the hostages with the Iranians?

Answer: We will not abandon our hostages. We have always said that we are willing to talk to any one, to any group to any government about their safe release. That continues to be our policy. But what we have not done, and will never do, is to give in to terrorist demands. To do so would only invite more terrorism. I recognize that there are risks in this policy. But in the long run a firm policy of refusing to give in to terrorism will be safer for American citizens and a better guarantor of American interests.

Jerry

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~~TOP SECRET~~

EXHIBIT GPS-45

1. "We found some individuals (in Iran) that it might be possible for us to deal with.... There are factions within Iran."

S 5916

— Those with whom we were dealing were unscrupulous and untrustworthy. They are advocates and practitioners of that very scourge we are fighting elsewhere in the world -- terrorism. Our two primary contacts for the operation were Gorbanifar and [redacted]

— Gorbanifar had been rejected by the CIA as a contact since, after several polygraphs, they concluded he was a "habitual fabricator" who could not be trusted.

-- On November 16 [redacted]

2. "We did not condone and do not condone the shipment of arms from other countries.... We have had nothing to do with other countries or their shipment of arms or doing what they're doing."

— As your subsequent clarification notes, we knew that Israel was shipping weapons. In a July, 1985 discussion with Bud McFarlane, Israeli MFA Director General David Kimche directly sought U.S. approval of Israeli arms transfers to Iran. I am told Bud did not sanction such shipments but said that the U.S. would not stop selling arms to Israel if a transfer occurred.

[redacted]

#136

EXHIBIT
GPS-45

S 3917

— The direct linkage between Israeli and U.S. supply is shown by the fact that, in early 1986, we supplied 508 TOWs to Israel to replace those it had sent to Iran in September 1985.

—-Bill Casey's testimony for tomorrow reveals that in November 1985 the CIA helped Israel transfer Hawk missiles by Israel to Iran at the NSC staff's request. Shockingly, the NSC staff denies having made this request.

— The NSC staff has apparently arranged that Southern Air Transport carry many of the arms to Iran. The CIA says this is no longer a proprietary. It is noteworthy, however, that it is the same airline on which Hasenfus and others carried arms to the Contras. This will undoubtedly complicate our efforts to support the Contras.

3. "The mission was served that made us waive temporarily for that really miniscule amount of spare parts and defensive weapons.... The so-called violation did not in any way alter the military balance between the two countries."

[redacted]

4. "Iran does not own or have authority over the Hezbollah.... The Iranian government had no hostages. Iran held no hostages."

— Without any qualification, Hizballah is a creature of the Government of Iran, and Iran is its main banker, patron, arms supplier, and adviser.

S 3916

—Hizbollah was established in 1982 in Lebanon by Iranian Revolutionary Guards.

[redacted]

— The Revolutionary Justice Organization (RJO) has claimed credit for the kidnapping of two of the last three American hostages. The kidnapping of the third was claimed by the Islamic Jihad Organization, an Iranian-controlled entity.

—

[redacted]

— We are convinced that Iranian-controlled groups in Lebanon have concluded that it is in their interest to kidnap additional Americans because, whatever we may say, America does pay ransom.

5. "Our purposes were...to bring a negotiated end to the Iran-Iraq war."

—Opening a channel of comunications to Iran could hasten that end. The supply of arms, even in the context you described, will only make Iran more intransigent and more set on prosecuting the war. The Iranian leadership is convinced it has managed a major breakthrough, and other arms suppliers will now disregard Operation Staunch efforts. Everyone with experience in Iran and dealing with Iranians firmly believes that we have lengthened the war because of the psychological and political boost we have given to those who successfully got arms out of us. In a November 20 speech, Ayatollah Khomeini has told his nation that the "Black House" representatives "presented themselves meekly and humbly at the door of this nation, wishing to establish relations. They wish to apologize for their mistake, but our nation rejects them."

6 May 1987.

3919

6. "There is a mistaken perception that we have been exchanging arms for hostages."

— It is very clear to the Iranians that we were exchanging arms for hostages. McFarlane informed the Secretary that Kimche reported that hostages would be released on November 20, 1985 and that Israel planned to fly 120 Hawk missiles from [redacted] Israel, and subsequently to Iran if the hostages were released. (In the event, the shipments were sent via a CIA proprietary and were delivered to Iran despite the fact that no hostages were released.)

— On several occasions, McFarlane and Poindexter described the operation to us, and Ollie North described it to others, as being arms for hostages, and in some cases as money for hostages. Every time a hostage was released, it was preceded by a shipment of arms to Iran. Regardless of our statements to the contrary, we are convinced that the Iranian leadership believes that it was involved in arms-for-hostages exchanges.

7. "Key Cabinet members were consulted throughout, and our policy objectives were never in dispute."

— This is not true. The Secretary of State was told on at least four occasions that the operation was completely turned off. The last such time was in June of this year. The Secretary was never shown the Finding; he was not informed of McFarlane's trip to Tehran, and he was unaware of the CIA role in transferring these weapons. Both the Secretaries of State and Defense were firmly opposed to the supply of arms and continued to make their opposition known to the President.

8. "If there had not been so much publicity, we would have had two more than we were expecting."

— The Iranians with whom we were dealing never fully delivered on any of their commitments, and they would not have done so now. It is in their interest to retain several hostages as insurance [redacted] This was proven when Iranian-controlled groups recently picked up three more Americans in Lebanon.

6 May 1987

[redacted]

— Also, even if the deal had worked as planned, it would have been yet further evidence that we condone trading hostages for arms. We understand that among the activities attempted last week was the transfer of additional arms as a sweetener for the release of more hostages. If this had worked, it would have conclusively shown that the price for getting the additional two hostages released was arms.

9. "We said that we did not want to do business with any nation that openly backed terrorism. There has been evidence of a lessening of terrorism on the part of Khomeini and his government."

[redacted]

[redacted]

—Although one may be able to argue that Americans were not as intensely targetted by the Iranians during 1985 as they were formerly, there is no doubt that Iran has not reduced in any way its support for international terrorism and our friends and allies, as well as the three new American hostages in Lebanon, continue to suffer.

6 May 1987

10. "There may be some misunderstanding of one of my answers tonight. There was a third country involved in our secret project with Iran...."

[redacted]

11. "I was not breaking any law.... I have the right under the law to defer reporting to Congress.. ."

— Serious legal questions arise for two reasons:

a) We knew of and evidently acquiesced in Israeli shipments to Iran months before the January 1986 finding was signed. A central issue is how we square our knowledge and apparent acceptance of such shipments with the fact that, over a year later, we have still not informed Congress of a third party transfer as we are required to do under the Arms Export Control Act.

b) At least one shipment of U.S. arms may have left the U.S. for Iran after August 1986, when Congress passed a law prohibiting all transfers to Iran. While a strong argument can be made that the Finding can authorize transfers prohibited by the AECA's general provisions, that argument became more difficult in the face of the specific prohibition in August.

c) Finally, while Section 501 of the National Security Act implicitly recognizes some degree of legal authority in the President to control the timing and form of notice of intelligence actions, the delay in this instance — about 11 months — is unprecedented and will be condemned by legislators from both parties.

Overall, this action could lead to further restrictions on the President's legal authority.

6 May 1987

EXHIBIT GPS-46A

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3:00

EXHIBIT
GPS-46A

11/20/86 — AG, G.S., Hill, CJC

Partially Declassified/Released on 25 June 198
under provisions of E.O. 12356
by B. Reger, National Security Council

AG: Nov. — ~~Hawk~~ episode

during Geneva summit — after 2d day's meeting (1:3
[illegible] M. came to G.S. hotel & said that a complex deal was underway -- shipment of arms (may have said Hawks) would go to Ir. on assumption that hostages would be released. The Iranians would know what was on board of the plane, but

(1322)

Hill: M said plane would go from Isr to [redacted], if hostages released it would go to Iran, if not, back to Isr (we would be advised through [redacted] th hostages released).

G.S. said very bad idea, didn't think it would work. — G.S. was consulted, not for approval
G.S. thought it didn't happen, b/c no hostages released.

G.S. told around Thanksgiving that it hadn't worked out, & whole thing shut down — & G.S. heaved sigh of [illegible] relief.

was (Hl not) provide any arms until hostages were released.

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A.G. — recall vaguely that the plan [illegible] described, perhaps at Jan 7

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3 c.

see P. + said that some of statements won't stand up to scrutiny —

G.S. advised that M. came to G.S. + told of deal

Pres. said he knew of it — but didn't underst. it as arms for hostages, but as part of larger plan.

G.S. rept'd Geneva conversation to C. Hill + he made notes.

Family group meeting at residence — M. advises of 500 TOWS Isr → Iran.

G.S. dimly recalls Aug meeting re this subject, but doesn't recall anything re a completed transfer of TOWs or anything else.

G.S. doesn't recall learng in Sept of Aug. Isr. transf of TOWS

Dec. 7. meeting: G.S. + Cap firmly argued agai the whole enterprise. M was to go to London to discuss the whole relationship w/ Iran, including arms + hostages.

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As result, P. allowed M. to go, but

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was not to discuss arms - Iran then had no interest, b/c no arms. G.S. was told after, + again, that the whole [redacted] deal was over. - G.S. relieved again.

Jan. 6 or 7 meeting - G.S. still strongly agst, but all others in favor (except Cap). The need for finding was discussed. All policy arguments were ventilated - including arms for hostages arguments.

Casey + A.G. refered to the [redacted]/State legal theory re

A.G. met w/ Poin + Casey on Jan 16 + thinks he went over the legal basis of finding.

Poin told G.S. from time-to-time of the sleazy people we were dealing w/.

late-May 86 Someone walked into London Embassy + told of large arms dealers doing business in Iran.
Chas Price - Embassy sent cable to G.S. in Tokyo in June + G.S. again implored Regan to stop it.

In June 86 told by Casey + Poin, that it has worked out + is over.
In Oct 86, learned of hostage release, + had secure

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call from Poin, who said the activities had cont'd + expected other 2 hostages to be released

State has been cut off of all cable traffic, as on orders of W.H. Turned down as recently as yesterday.

Re Geneva chat: G.S. thinks the Kimche approach in July was preceded by an approach to Israelis by Ledeen, auth'd by M. - State Dept learned of Ledeen's activities (secret mission by .) G.S. complained to M.

Lewis learned of it, but Israelis would not tell him of it, but ine would tell G.S. when came to Wash.

Then K approach M + G.S. heard of it ~~from~~ while abroad, + that it was a proposal to contact Iran - would involve arms + hostages.
Rabin didn't mention when in Wash.

June '85? - ~~[illegible] after~~ Draft N.S.D.D. sent around this time to Cap + G.S
G.S. wrote formal response saying lousy idea
Cap apparently said "absurd." - b/c NSD draft discussed relationship of arms + hostages.

Sept of 86 - Ledeen tried to see G.S. to brief on all aspects of Iran - [redacted] [redacted] declined.

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On last Monday –

(fly t[redacted] + arms would be transferred to another pl

Hill: M. said plane would be loaded in [redacted] Isr; ~~[illegible]~~ then would go to Iran if hostages released; to Isr if not.

Tiny Rolands – } came to London Embassy + discuss
Adnan Khashogi – ???

all get nothing out of it. Poin – we got Weir out of it.

In response to G.S. point that this is lousy idea + the Poin. says [redacted] not responsible for Weir released – was released for something we did.

[redacted]

per Hill: Day after Weir released, TV news stories said a plane was being loaded in Isr. with spare parts for Iran; + linked it to US that K. had met w/ American official in London.

Hill: Early Sept '85 military [redacted] operation [redacted] [redacted] all 7 hostages would be brought to a beach

early Sept '85 Armacost authorized a false passport for N. to go ~~[illegible]~~ Iran to manage operation.

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EXHIBIT GPS-46B

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Chas. Hill - Abe Sofaer - CR
1 7131
~~1 5869~~

Jock Covey — Cairo

July 14 - Ghorbanifar name mentioned (+ 100 Tow in cable from M. to G.S. - G.S. opposed meeting + discussing.

Aug 6 - P., G.S. + M. - M said K. had proposed arms to Iran. G.S. firmly opposed - thought it had stopped.

Sept 4 - heard that N. was handling - needed alias passport -- Armacost. would get hostages [redacted] [redacted]
Bartholomew had some details
no inkling that arms might be involved

Sept 12 - M told G.S. that operation stalled, needs [redacted] help. - GS says OK.

Sept ~~4~~/16 - hear that Weir out.

[redacted]

2276

Partially Declassified/Released on 22 July 1987
under provisions of E.O. 12356
by B. Reger, National Security Council

UNCLASSIFIED

~~J 5070~~
J 7132

Sept 17 – [redacted]

– Same day T.V. news said plane on Isr. airport loading arms to Iran + that K. was in

–

Dep Sec.

Nov. 18 – as before

Dec 5 – Poin calls G.S. + [illegible]ises the Nov. episode as misfiring – operation fai[illegible] – G.S. unloaded on Poin.
[G.S. think Poin drafted NSC , Also thinks it was Teicher].

Poin. said he had gone to Pres. + urged to conclude?

Dec 7 – G.S. learned of proposed M. mission. G.S. thought no decision made.

Dec. 9 – Poin. indicates that M. trip was on, but sans the arms angle. -- M. would make clear that we would not trade arms for hostages -- G.S. still registered opposition

Dec 10 – Hill told Ir. turned M down flat b/c no arms -- + that [illegible]

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J 7153
~~J 5871~~

Jan 7: G.S. opposes - can't recall ~~of~~ discussion re F. (but he heard of finding 10 days ago when published)
G.S. says his impression was that initiative would continue, but unclear whether arms would be any part.

Feb 28 - Poin says hostages will be released w/in 5-7 days -- Ir. want hi-level dialogue - distinct from any arms deal
M - would meet w/ Rafsanjani dep'y Frankfurt, but no release

March 11 - Poin says ↑ arrangement fell through. -

March 18 - Barth says [redacted]

May 4 - Tokyo at Econ Summit - Armacost cable says Chas. Price from London says Tiny Rowland had walked into Embassy & discussed arms deal re Iran.
Said Nir, [redacted] Khashoggi, involved.

G.S. went bananas -- took cable & went to Poin; couldn't find -- went to Reg & said Pres. is completely exposed & turn it off. 2 days later. assured that oper

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Exhibit GPS-47

S.S. SENSITIVE 8636463
United States Department of State

Under Secretary of State
for Political Affairs

32 3533

DIST 11/25

November 25, 1986

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D
P
S/S, S/S-I

~~SECRET~~

Mr. Secretary:

Read this and weep. Our "moderates" were respectively a known fabricator, a semi-illiterate terrorist, and [redacted]

Michael H. Armacost

5/6/87

NOV 1986
J.C.W.
has seen

~~SECRET~~
DECL:OADR

#124

EXHIBIT
GPS-47

3534

SUBJECT: Biographic Summaries of Iranian Principals Involved in NSC's Iranian Program.

The three primary Iranian contacts with whom the NSC has been in contact since 1985 are Manucher GHORBANIFAR [redacted] [redacted] Attached are biographic summaries of what we know about the three individuals.

Ghorbanifar, the NSC's principal intermediary, is well known to us and is the subject of a "Burn Notice" based on our assessment that he is an intelligence fabricator. The Department of State was one of the original recipients of that "Burn Notice" and recently was given another copy of that memo.

Ghorbanifar is an incredibly complex individual and we have found it difficult in dealing with him to separate fact from fiction. The "Burn Notice", giving our negative assessment of his intelligence potential, is a result of the considerable fiction surrounding his information. However, to give him his due, there is considerable fact surrounding the wide circle of influential contacts Ghorbanifar claims. It is this latter aspect of Ghorbanifar which interested the NSC. He was, in fact, a useful, if somewhat uncontrollable, intermediary.

[redacted] an Iranian official in the Prime Minister's Office, was Ghorbanifar's primary Iranian Government contact. What little we know of him we have learned from Ghorbanifar and from direct contacts with [redacted] himself.

[redacted] became the primary NSC channel to the Iranian Government in September 1986, after progress through the Ghorbanifar [redacted] channel ground to a halt. We had never heard of [redacted] before the NSC came up with his name through other Iranians with whom they were in contact. Everything we know about [redacted] has been obtained from direct contacts with him and the other Iranians in contact with the NSC.

[illegible]

5/6/87

WARNING NOTICE
INTELLIGENCE SOURCES
AND METHODS INVOLVED

1

~~SECRET~~

CL BY
DECL
DERIVED FROM

3535

SUBJECT: Biographic Summary on Manuchehr GHORBANIFAR

Manuchehr Ghorbanifar, aka Ja'far Suzani, Manuel Pereira, Nikoloas Kralis, was reportedly born in Tehran 9 May 1945. However, he has also said he was born in Isfahan and has used birth dates of 1944, 1942, and 1938. He is an Iranian citizen currently using London as a business address, though he maintains a residence on the French Riviera in Nice. He calls himself an "export/import businessman" and has had a close business relationship with Adnan Khashoggi, the Saudi financier.

Ghorbanifar has served in the Iranian army and claims to have worked for SAVAK. He was once Managing Director of the Israeli-connected Star Line Shipping Company. He is a self proclaimed "wheeler-dealer" and admits to contacts with US, [redacted] [redacted] Israeli, [redacted] and Iranian intelligence services. He has a [redacted] passport in the name of [redacted] a passport in the name of [redacted] an Iranian passport in the name of Ja'far Suzani, and claims to have an [redacted] passport in an Arab name as well.

Prior to the fall of the Shah, Ghorbanifar claimed to have access to many senior military and government officials, as well as good contacts in the Iranian underworld. In late 1979 he was a member of the Tehran Komite. However, he and his two brothers were implicated in an abortive coup in July 1980 and this resulted in a curtailment of his travel to Iran. Since that time he has operated out of Europe. He has remained in close contact with various Iranian exile groups in Europe, but has also said he has reported on these groups to the present Tehran regime.

Ghorbanifar has been active in the arms procurement business on behalf of the Iranian regime since the revolution. In 1984, he volunteered information about terrorist activities against U.S. persons. However, polygraph exams by both CIA and the Secret Service indicated that he had fabricated his information. As a result of these deceptions, this Agency published an intel fabricator "burn notice" on him.

In 1985, [redacted] stated that Ghorbanifar was one of his most influential contacts and that Ghorbanifar was an "Iranian intelligence official" interested in negotiating a settlement of the hostage issue. [redacted]

WARNING NOTICE:
INTELLIGENCE SOURCES
AND METHODS INVOLVED

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DERIVED FROM ______

3536

SUBJECT: Biographic Summary of [redacted]

[redacted] He apparently was born in Tehran and comes from a very humble background. During the reign of the Shah, [redacted] in the Tehran bazaar. He has only limited education and has been described as semi-literate. He speaks no English.

[redacted] Manuchehr Ghorbanifar, the Iranian businessman operating in Europe, said he was involved in an arms procurement deal in March 1984 with [redacted]

5/6/87

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WARNING NOTICE
INTELLIGENCE SOURCES
AND METHODS INVOLVED

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3

C 3537

SUBJECT: Biographic Summary on [redacted]

[redacted] of Iranian Majlis Speaker Rafsanjani. [redacted] has a high school education and is presently taking university correspondence courses. He speaks no English.

[redacted] has considerable combat experience. [redacted]

5/6/87

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WARNING NOTICE
INTELLIGENCE SOURCES
AND METHODS INVOLVED

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CL BY ____________
DECL ____________
DERIVED FROM ____________

United States Department of State

Under Secretary of State
for Political Affairs

Washington, D.C. 20520

November [illegible], 1986

NOV 1986

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MEMORANDUM FOR THE SECRETARY

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S-I

SUBJECT: Iran

The NSC-chaired meeting on Iran came off this morning about as expected. The CIA briefed on its channels to Iran. We asked the NSC staff for records of their conversations. Again we got little satisfaction. Howard Teicher claimed there were no memcons, but that he had kept some notes. He agreed that he would write up his notes with the help of George Cave, who was present at most of the meetings. This is obviously not very satisfactory. The Justice Department may have more luck in obtaining whatever records may exist.

I proposed that Arnie chair a working group this afternoon to develop a game plan for next steps in our Iran policy. He is inviting one representative from each agency. There was some loose talk by NSC representatives about getting up a new NSDD. I deflected this for now, and I asked Arnie to develop a paper you can use in your next meeting with the President which outlines a comprehensive action plan.

5/6/87

Michael H. Armacost

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DECL:OADR

EXHIBIT GPS-48

[illegible]
Washington, D.C. 20520

UNCLASSIFIED

December [illegible]

[illegible] Declassified/Released 21 July, 1987
under provisions of E.O. [illegible]
by B. Reger, National Security [illegible]

~~SECRET/SENSITIVE~~
MEMORANDUM

S 422

TO: S/S - Ambassador Nicholas Platt

FROM: NEA - John H. Kelly

SUBJECT: American Hostages in Lebanon: NSC Involvement

As you requested there follows my account of the events including Robert McFarlane, Oliver North, and others and the release of American hostage David Jacobsen in Lebanon. I request that you forward this to the Secretary.

INTRODUCTION: As I reported in my cable to you, in accordance with our standard practices to maintain minimal classified holdings because of the danger of attack, all of the cables relating to this matter were destroyed. I have reconstructed the following from an admittedly hazy memory. It was an intense 4-day period with occasional fighting in and around Beirut. There were many secure phone calls and quite a number of classified cables. I got very little sleep during that period. Throughout the entire affair I operated under the belief that the Secretary was being kept informed by Poindexter. I regret profoundly that this appears not to have been the case. Because of Poindexter's oft repeated injunction to communicate to the White House only through [redacted] and the occasional statement to me that "State was being taken care of," I believed that I was following the proper course.

TEXT: On July 31 I met with the Secretary for 30 minutes to discuss my assignment in Lebanon. As I had not yet met with Robert McFarlane, I was unaware of the negotiations with Iran involving arms transfer.

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EXHIBIT
GPS48

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On August 8 I met with Robert McFarlane for approximately one hour at his office. I requested the meeting because of his experience in Lebanon. In the course of a general discussion of Lebanese politics, McFarlane told me that the President had decided (no date was given) to authorize negotiations with Iran which would involve the sale of American arms in exchange for the release of American hostages in Lebanon. McFarlane told me that the Secretary of State had opposed such a policy, that other Cabinet members had been involved, but that the President had made his decision. McFarlane used words to the effect that this was a "close hold" operation involving an extremely restricted number of individuals.

McFarlane said that even though he had left the Government, he was still involved with the negotiations in Iran and had made a trip to Iran in the Spring. McFarlane said that should the negotiations bear fruit, I would receive "back channel" instructions from Admiral Poindexter concerning the potential release of any hostages.

On August 11 I met briefly with Robert Earle of the NSC staff who worked for North. North was out of town and I did not see him prior to departure for Beirut. Earle said that he understood that I had been briefed by McFarlane and that Admiral Poindexter would need my cooperation if the efforts brought any results.

On August 16 the Senate confirmed me and on August 19 I departed for Beirut.

I heard nothing more on the subject until Thursday, October 30, when I received a message in Beirut to telephone "Mr. Goode" at a phone number in Germany at about 1:30 p.m. Mr. Goode turned out to be Oliver North, who advised me that things were moving and I should prepare for visitors. During the course of the afternoon of that day I received several secure telephone calls from Robert Earle and/or Craig Coy of the NSC staff. I also received a cable from Admiral Poindexter slugged "EYES ONLY" for me. The calls and the message informed me that I was to arrange a helicopter to transport Oliver North, Richard Secord, [redacted] to Beirut that night; that I was to provide a safehouse [redacted] and other details in relation to helicopters and other logistic arrangements. The cable from Poindexter instructed me to communicate on this subject only with him and only by the [redacted] "PRIVACY" channel.

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I believed that Admiral Poindexter was keeping the Secretary informed. Late that afternoon I sent an "EYES ONLY" to Poindexter providing arrangements on the safehouse [redacted] helo information, procedures for issuing phony credentials to North, Secord [redacted] etc.

At approximately 8 p.m. I was advised by secure voice that North and party had arrived in Cyprus by a Swiss charter jet and would arrive Beirut at around 11 p.m. Around 8:30 p.m. various incorrect reports from [redacted] and Lebanese press sources concerning the hostages began to flow into the Embassy. I reported these by secure voice to Robert Earle at the White House.

At about 11 p.m. North, [redacted] and Secord arrived by helicopter. North made a secure [redacted] call to the White House outside of my hearing. Secord called Germany out of my hearing. During an often interrupted one hour discussion North and Secord made various opaque references to negotiations with a party named [redacted] and others.

North told me that two hostages were expected to be released but it was unclear whether the release would occur in Beirut or Damascus. North discussed with me various arrangements to handle the hostages in Damascus or in Beirut. North sent an "EYES ONLY" cable to Poindexter, Amb. Boehm in Cyprus and Charge Ransom in Syria, concerning logistic arrangements for the hostage release. North reiterated to me that I should send no messages to the Department of State implying (but my memory is unclear) that this was on the order of the President. North and Secord departed by helo about midnight. [redacted]

During the day of Friday, October 31, I had various secure telephone conversations with Earle and Coy at the NSC who asserted they were speaking on behalf of Poindexter. I also received additional EYES ONLY cables from Poindexter. All of these calls and cables related to the logistics and locations of a possible release.

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[redacted]

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Saturday, November 1, was another day of numerous [redacted] calls with Earle and Coy and some "EYES ONLY" cables from Poindexter centered about whether the release would take place in Beirut or Damascus. Shortly after 6 p.m. I received a [redacted] call from Earle or Coy telling me the release would be in Beirut that night and to remain on alert to exfiltrate whoever was released. I remained with my key personnel at the Embassy all that night awaiting news.

At 7:45 a.m., Sunday, November 2, I was informed by my security officer that Jacobsen had been released at our Annex in West Beirut. I prepared an armed motorcade to cross the Green Line to pick him up and attempted to reach Earle or Coy on the [redacted] Neither was there so I spoke to the Senior Officer at the White House Situation Room and told him to inform Admiral Poindexter. I followed this with a FLASH "EYES ONLY" cable to Poindexter. At about 8:15, the armed motorcade departed and returned within 45 minutes with David Jacobsen who was delivered to my residence. I then instructed my staff to send a FLASH cable to State informing the Department of Jacobsen's release. Subsequently, I was informed by Earle that Admiral Poindexter was most displeased that I had violated his instructions to communicate only with him.

[redacted] I sent several cables EYES ONLY to Poindexter regarding Jacobsen's comments on the demands presented by the captors, the conditions of other hostages, [redacted] etc. I also asked for a helicopter to come and pick up Jacobsen but was told by the White House to keep Jacobsen in Beirut to await the release of a second hostage. I was told that premature publicity could jeopardize the second release. I also had numerous secure conversations about helicopter flights [redacted]

About 1:15 p.m. a local radio station broke the story of Jacobsen's release. The State Operations Center called me on a non-secure line to ask for details of what was going on. I told them that I could not speak on a non-secure line. I then called Earle on secure, told him about the inquiry from State, and asked that appropriate people at State be briefed. I think I also asked that JCS be informed because of the movements of military helicopters and the possible need for a military MEDVAC flight, but I may have made that request the preceding day. I was told several times by Earle or Coy that State and JCS "had been taken care of." I interpreted this to mean that appropriate personnel had been informed and/or had been receiving copies of my cables to Poindexter.

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S 4225

[redacted] Bob Dutton arrived on a helo from Cyprus and joined Jacobsen. Dutton said that he worked for Secord and North on this operation. He said that he was a retired Air Force officer. Later North flew into Cyprus on a Swiss Charter flight, but due to bad weather could not helo to Beirut. At about 10:00 p.m. I took Jacobsen, Waite and Dutton to my residence to sleep over night. Sometime around then I received a call from the State Operations center on the open line and from Earle or Coy on the Secure asking me if artillery was shelling my house as was being reported by the media. I declined to respond to the State Ops center on the non-secure line and asked Earle to pass the word that the house was not being shelled. The nearest rounds were impacting 1200 meters away. I think I again asked the NSC regarding talking to State and was told that they would take care of the Washington end and that I should take care of the Beirut end.

At 5:15 a.m. November 3 I took Jacobsen, Waite and Dutton back to the Embassy and awaited North's arrival by helo at 6 a.m. North remained on the ground for perhaps 1/2 hour and talked to me concerning a possible additional hostage release asking me to maintain the Embassy on alert for another extraction. At about 6:45 a.m. North, Jacobsen, Waite, and Dutton departed by helicopter.

During the remainder of November 3 I had a few secure voice exchanges with the White House, which indicated the NSC was still hoping for a second release.

The evening of November 3, the pro-Syrian Arabic-language magazine As-Shirra, published in Beirut, broke the story of McFarlane's trip and negotiations with Iran.

On 11/4, as best I can remember, I received a final message from Poindexter which told me I could stand down from alert status, but reiterated that any further communication on these matters should be "EYES ONLY to him" [redacted]

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Exhibit GPS-49

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Department of State

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OUTGOING

PAGE 02 OF 03 STATE 386623 C01/05 003607 NOD451
ORIGIN NODS-00

INFO LOG-00 /000 R

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TREAT AS SPECIAL CAPTION

Partially Declassified/Released on ________
under provisions of E.O. 12356
by B. Reger, National Security Council

E.O. 12356: DECL: OADR
TAGS:
SUBJECT: CAVE/DUNBAR TALKING POINTS FOR USE WITH [redacted]

EYES ONLY FOR CHARLES DUNBAR OF NEA FROM S/S

1. TOP SECRET - ENTIRE TEXT.

2. FOLLOWING DISCUSSIONS WITH THE WHITE HOUSE, THE ACTING SECRETARY HAS DIRECTED THAT YOU USE THE FOLLOWING TALKING POINTS IN YOUR MEETING ON DECEMBER 13. THESE TALKING POINTS SUPERCEDE ALL PREVIOUS POINTS.

3. NSC/WHITE HOUSE APPROVED TERMS OF REFERENCE FOR CAVE/DUNBAR DISCUSSION WITH [redacted]

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EXHIBIT
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PAGE 03 OF 03 STATE 386623 C01/05 003607 NOD45

-- THE MUTUAL STRATEGIC INTERESTS OF OUR NATIONS REMAIN UNCHANGED DESPITE RECENT REVELATIONS. THEREFORE, PRESIDENT INTENDS TO CONTINUE A CHANNEL OF COMMUNICATIONS TO THE GOVERNMENT OF IRAN.

-- THE CURRENT CHANNEL, EVEN THOUGH A COLLEAGUE WILL TAKE THE PLACE OF CAVE, WILL CONTINUE TO BE USED FOR BOTH POLICY AND INTELLIGENCE DISCUSSIONS.

-- IN THE FUTURE, THE DEPARTMENT OF STATE WILL BE ESTABLISHING AN APPROPRIATE CHANNEL FOR PASSING AUTHORITATIVE POLICY MESSAGES.

-- THE UNITED STATES SEES THE UTILITY OF HAVING A MEANS OF CONDUCTING A DIALOGUE WITH YOUR GOVERNMENT. HOWEVER, THERE WILL BE NO FURTHER TRANSFERS OF AMERICAN MILITARY EQUIPMENT TO YOUR GOVERNMENT WHILE IRAN REFUSES TO NEGOTIATE AN END TO IRAN-IRAQ WAR AND WHILE IRAN CONTINUES TO SUPPORT TERRORISM AND SUBVERSION.

-- THE CONTINUED HOLDING HOSTAGE OF U.S. CITIZENS IN LEBANON BY A GROUP SUSCEPTIBLE TO YOUR GOVERNMENT'S INFLUENCE REMAINS A MAJOR OBSTACLE IN THE IMPROVEMENT OF RELATIONS BETWEEN OUR TWO COUNTRIES.

-- WE TRUST THAT IN FURTHERANCE OF OUR MUTUAL GOALS, YOU WILL TAKE IT UPON YOURSELF TO ARRANGE THE RELEASE OF ALL WESTERN HOSTAGES HELD IN LEBANON AS QUICKLY AS POSSIBLE.

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EXHIBIT GPS-50

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[redacted]

December 14, 1986

MEMORANDUM FOR THE RECORD

FROM: NEA - Charles Dunbar

SUBJECT: Cave/Dunbar Meeting with [redacted] of the Iranian Government; Frankfurt, December 13, 1986

George Cave and I met with [redacted] of the Iranian Government from 11:15 a.m. to 12:45 p.m. on December 13 at [redacted] room in the Park Hotel in Frankfurt. [redacted] bodyguard was in Frankfurt but did not come to the meeting. The intermediary between [redacted] and Cave for arranging this meeting was Albert Hakim who was in Frankfurt and who kept Cave posted, first in Washington and on December 12 in Frankfurt, on the various changes in the Iranians' schedule. When he and Cave briefly at a Frankfurt hotel on December 12, Hakim said he would insist that his lawyer be preent for any subsequent meetings with Cave and/or me. Cave also met briefly with [redacted] at 9:40 a.m. and informed him that the main meeting had been postponed to 11:00 a.m. (This change was necessitated by the arrival at our Consulate shortly before 9:00 a.m. of a telegram transmitting new talking points.)

Presentation

At Cave's and my suggestion [redacted] began the meetingwith a 20-minute presentation which, like all his subsequent remarks, was low-key and free of polemics. He noted that my presence at the meeting seemed to mark the change in the way discussions would be conducted. In previous discussions with Messrs. North, Secord and "Sam" (the alias cave had used in their previous meetings), he said a framework had been established in which each side tried to help the other. Now, he said, Iran is unsure of what the U.S. position is, what steps are to be taken next, and what the future of the relationship is to be. He noted that "the press" had made problems, but that the two sides nonetheless needed to consider what subjects to take up next.

The two sides, [redacted] continued, have been the issues discussed in great detail, and Iran's positions on them are clear. It may be, he said, that we can push ahead, and Iran will try to solve problems the U.S. has. He made a point of saying that Iran would have no difficulty in pushing forward. The issue of relations with the U.S., he asserted, is one that Iran's leaders can discuss frankly with the Iranian people. The people, "whose ways are well known to you." will support the position taken by the leaders. Thus, he noted, if the U.S. Government can control its people, things can move forward.

EXHIBIT
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(1858)

Partially Declassified/Released on [illegible]
under provisions of E.O. 12356
by K. Johnson, National Security Council

~~[illegible] provisions of E.O. 12356~~

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Turning to what seemed to be the first point on Iran's agenda, [redacted] said the Iranians are ready to present their ideas on ending the Iran-Iraq war and on the removal of Saddam and "his organization." (Tashkilat in Persian. Cave said his understanding was that this meant those around Saddam, not the entire Ba'ath Party apparatus) Urging me to inform American leaders [redacted] went on at some length about how much the Iranian people had suffered as a result of Iraq's great aggression. the town of Dezful, he assrted, had been hit by more that 160 rockets since the war began, and there had been bombings throughout the country. Those responsible for such losses must be punished.

The war [redacted] continued, is not simply a conflict between Iran and Iraq. In fact, the whole world is involved. The Soviet Union and France are Iraq's principal suppliers of weapons. However, the people of Iran believe that the U.S. stands behind Iraq, and the U.S. Government should make clear that this is not the case. The U.S., [redacted] asserted, had said it understood the principles which motivate Iran to fight. This is a positive development. At another point in the discussion, [redacted] said that Saddam should be removed from the Middle East scene to ensure that he does not repeat his aggression. Iran could not be expected to allow Saddam, who had publicly torn up the 1975 border agreement with Iran, to remain in place if the war were ended.

Note: Cave said this was the first time in their meetings that [redacted] had omitted the requirement that Iraq pay war reparations to Iran from his Iran-Iraq war presentation.

Cave also understoo [redacted] to say that the Iranian people had been prepared by a barrage of regime propaganda to support the long-planned offensive against Iraq and to expect it to bring them a victory. According to Cave, [redacted] said the leadership was concerned at these high expectations and was not confident that a victory could be achieved.

The second point on his agenda [redacted] said, was the question of Iranian property in the U.S. By this he meant both undelievered military equipment and frozen financial assets. [redacted] said that both the Secretary of Defense and the Chairman of the Joint Chiefs had recognized the validity of Iran's claims and that he was anxious to know how the U.S. planned to pursue the question.

The third agenda item was the provision of U.S. arms to Iran. [redacted] spoke generally of land and air defense systems. Later in the discussion he said that the U.S. was to

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supply 1500 TOW missiles and 100 launchers. He also referred to the 72 Phoenix and 240 Hawk missiles. (In retrospect, I expect he was referring to the 240 Hawk spare parts kits already delivered to Iran and to Iran's request for Phoenix spares.

Finally, [redacted] discussed the U.S. hostages in Lebanon, the Dawa prisoners in Kuwait and the Lahad prisoners in Israel. He accepted Iran's "humanitarian duty" to do something about the U.S. hostages in Lebanon. At the same time, he noted that the Lebanese, although their support of the Imam Khomeini was strong and growing, were independent. Iran, he said, was thus unable, and in any case would not try, to force the release of the hostages.

[redacted] asserted that the Dawa prisoners were important to the Lebanese. He made it clear that the U.S. should try to do more and that Iran's own approach to the Kuwaitis had not worked. In an aside to Cave, [redacted] said that, following up on a U.S. suggestion, the Iranian Charge in Kuwait had made a plea to the Kuwaiti Foreign Minister for the release of the Dawa prisoners. The Minister, [redacted] said, merely "thanked us," and nothing has happened.

[redacted] also mentioned the Lahad prisoners briefly, saying that perhaps something should be done about them. According to Cave, we had suggested that we might try to use our good offices with the Israelis who in any case, may be disposed to releasing the 309 prisoners in question. The idea, Cave noted, was that if the Lahad prisoners were freed, the Lebanese might be better disposed to discussing the liberation of our hostages. Cave said that this idea was presented in previous meetings but until now had evoked no Iranian response.

Throughout his presentation [redacted] sought to be ingratiating. Iran, he insisted, wanted to be truly non-aligned with ties neigher to the U.S. nor the U.S.S.R. He made at least two references to President Reagan who understood Iran's wishes generally and its position as the aggrieved party in the Iran-Iraq war in particular.

The Nine-Point Agenda

Before making my own presentation, I sought clarification from [redacted] on some of the points he had raised. [redacted] had made the logical but incorrect assumption that I was fully read in on what had happened in the previous meetings, and his comments in the early part of the discussion were interspersed with phrases like "as you know." My

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questions led him to repeat and amplify his point that much had been done thanks to the efforts of North, Secord and "Sam." In this connection, he referred to a nine-point agenda which had been agreed upon between the two sides. Under the agenda, there were to be alternating steps by each side. According to [redacted] the two sides had reached step five or six. At one point in the discussion, [redacted] produced from his briefcase a two-page document, handwritten in Persian, which he said was a text of the nine-point agreement. He was about toshow it to me but thought better of it, saying that I could see the U.S. version.

In discussing the reciprocal action principle of the nine-point agenda, [redacted] said that the U.S. had taken certain actions in return for which the Iranians had obtained the release of "one and a half hostages." When I sought clarification of the anatomical anomaly in this idea, Cave and [redacted] indicated the idea had been that one hostage (presumably Jacobson) was to be, and had been, released and that Iran had influence to ensure the release of a second at some point in the near future.

My presentation

I carried out the instruction in the cable received on the morning of December 13 with no embellishment. A text of the points is attached, and I will submit to the Iran Country Directorate a transcript of the Persian-language version of the points I prepared. I did not leave an aide-memoire or non-paper (nor di[redacted], bu[redacted] took careful notes. He had me go over two of the points to ensure that he had them correctly noted.

[redacted] reaction

In responding to m[redacted] was polite but obviously non-plussed. He emphasized that much of what I had said had already been negotiated and agreed in previous meetings, and he referred for the third time to the efforts of Messrs. North, Secord and "Sam." He noted that three-to-four weeks had passed since the last meeting, and he had expected that I would be more knowledgeable than I obviously was about what had transpired. He asked that I inform myself qs quickly as I could and let him know where matters stood. The thrust of his remarks was that we had "returned to zero," undoing much of what had already been agreed. He closed the meeting with a comment to the effect that Iran recognized both the need for a relationship with the U.S. and the President's fair-mindedness.

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Subsequent Conversation with Cave

In lunch and dinner conversations following the meeting, Cave gave me the following background information (The material is from memory and notes taken immediately after the conversations. It may not be 100% accurate.):

A. Annotated chronology of meetings etc.

-- October(?) 1985: 500 (the Iranians say 508) TOWS go to Iran from Israeli stocks. The missiles are to be replaced from U.S. stocks.

February 1986: 1000 TOWs from U.S. stocks go to Iran. CIA is directly involved in the shipment for the first time.

-- March 1986: Ghorbanifar indicates that the Iranian Government is to become involved in discussions with the U.S. Cave is briefed on March 5 and on March 7 goes to Paris to meet with North and Ghorbanifar. The possibility of government-to-government dealings is explored.

-- April 1986: Secord meets alone in Brussels with Ghorbanifar.

-- May 1986: North and Cave (and probably others) meet with Ghorbanifar in London, and the final arrangments are made for the McFarlane trip to Iran. Ghorbanifar promises meetings with at Khamenei and Rafsanjani. The original proposal is to meet on Kish Island, but the Iranians ask for Tehran and the Americans agree. It has been agreed that 240 (perhaps 214) Hawk spare part kits will be shipped to Iran at this time; McFarlane's plane carries 20% of the spare parts kits which fit onto one pallet. McFarlane also brings a cake and 5 gift pistols which are not delivered because of the failure of the meeting. At this meeting, the group first meets [redacted] who is their principal interlocutor although the much more senior [redacted] presides at the beginning of the talks. The plane carrying the rest of the Hawk spares kits is diverted when no hostage is released.

-- September 1986: Following the hiatus caused by the failure of the Tehran meeting [redacted] Rafsanjani, comes to Washington for meetings with North, Cave et al September 19 and 20. This is the group's first meeting with [redacted] is a much more authoritative figure, and things begin to move more quickly.

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-- October 8-9, 1986: Meeting in Mainz with [redacted] The release of Jacobson is arranged and made, and the last 500 TOWs (and remaining Hawk spares (?)) go to Iran.

-- October 28-30, 1986: Meeting in Frankfurt with [redacted]

-- November 8, 1986: Meeting in Geneva with [redacted] There may also have been another meeting on November 3. In any event, November 8 is the last meeting until December 13.

B. The Nine-Point Agenda

-- It is a formal agenda but has not been signed. There apparently was no formal exchange of texts. Cave says there is a copy of the agenda at the CIA and indicated he would make one available to me.

-- The agenda envisages the shipment of 1000 more TOWs and perhaps some more anti-aircraft missile spares kits. The question of TOW launchers (see above) was never discussed. These are the limits of what the President agreed could be shipped.

-- A [redacted] technician was to be sent to Iran to look at the 72 brand new but inoperable Phoenix missiles which the Iranians have stored somewhere and perhaps at the Hawks as well. The reason for this provision is that the Iranians ordered every spare part extant for the Phoenix. DOD experts said the Iranians couldn't possibly use all the parts and concluded that they were simply going to go by trial and error. The technician seemed an efficient way of solving the problem.

-- The agenda foresees a high-level meeting at about stage 7. The McFarlane visit to Tehran was to be followed by a Deputy Secretary/Deputy Iranian Foreign Minister meeting. By the end of the nine points, the two countries are to be "close to" having a diplomatic relationship of some sort.

-- All U.S. hostages in Lebanon are to be free by the end of the agenda.

-- Some Dawa prisoners are to be free by the end f the agenda. Both sides recognize that the two or three sentenced to death will not be freed and that about five are scheduled to be parolled in 1987. It is the

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8-10 with intermediate length sentences who are of concern.

- Question still to be answered re the nine-point agenda: were frozen Iranian military equipment and financial assets on the agenda?

C. U.S[redacted] Role re Dawa Prisoners

Poindexter told Cave *et al* that he personally had asked the Kuwaitis to do something about the Dawa prisoners. Cave believes that Poindexter met with the Kuwaiti Foreign Minister here in the fall and may have seen him in the region at some point as well. North also met with the Kuwaiti Ambassador and perhaps with other Foreign Ministry officials as well.

[redacted]

D. Hostages

Cave does not believe the Iranians can deliver all the hostages. They are controlled by different groups even though they may all be being held in the same place. The Iranians have less influence over some groups than others.

A counter to this argument is that the Iranians apparently told us in the fall that we could have any one of the hostages we wanted. (We, of course, declined the invitation to chose, and the Iranians/Lebanese chose Jacobson.) This offer suggests that the degree of Iranian control over each group was the same.

E. Financing

Cave says the the CIA received $12 million for the TOWs and spares that went to Iran. The CIA has no knowledge of what the Iranians may have paid for the equipment. The CIA has overcharged the Iranians by about $300,000 because of complicated DOD accounting and administrative procedures.

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F. Cave's view

Cave believes the Iranians are in a very bad position and are looking for a way out. A political relationship with the U.S. may seem a solution to some, but the difficulty of selling such a relationship across the Iranian political spectrum is great. It is also hard to see how the Iranians can give in on their demand that Saddam be removed. They would appear to have fought the war for nothing. In this situation, Cave's fear is that there will be chaos which the Soviets will somehow be able to exploit. His view is that we have a high geo-political interest in saving the Iranians from themselves.

Exhibit GPS-51

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[illegible]

Mr. Secretary -

Subject: The Iran Connection

[redacted] head of the Near East Division at the CIA, came by this morning with further details on the Iran caper. He said that Cave has not reported to the Agency yet, but will return to Washington Tuesday night. He also passed on the following:

9 Point Agenda: [redacted] said a formal document did not exist. He had heard of the existence of a "7 point scenario" which described steps the US and Iran would take. Although Cave said there was a copy of the agenda/scenario at the Agency, [redacted] said he was not aware such a piece of paper existed. He will check with Cave. After a detailed conversation with [redacted] we believe the agenda/scenario contained the following elements:

- --U.S. would arrange:
    - --Release of [redacted] prisoners in [redacted]
    - --Release of Dawa prisoners
    - --Further arms for Iran
    - --Release of Iranian assets, including military equipment, in the US
- --Iran would arrange:
    - --Freedom for US hostages
    - --Cooperation to deter Soviet threat to the region
    - --Cooperation to [redacted]
    - --End support for terrorism in the Gulf
- --Both sides agreed to work to end the war
    - --Iran wants US support [redacted]

2372

We should keep in mind that we do not yet know the genesis of the agenda/scenario or the degree to which either side is committed to it. We also have not yet learned how each element is related to the others, and whether there was agreement on the order in which the various steps would be implemented.

Additional items of interest which [redacted] mentioned:

--In January, we discussed with Iran the delivery of 4,504 TOWs. [redacted] does not know the genesis of that number nor what kind of commitment was made from our side;

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EXHIBIT
GPS-51

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by B. Reger, National Sec[illegible]

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N 33374

--Qorbanifar had promised Tehran that the US would deliver Phoenix missiles to Iran. [redacted] says that Qobanifar was not authorized to make such a commitment.

[redacted] the new Iranian interlocutor who has been involved since October - has talked with with North, Secord and Cave about establishing a "Joint Commission" to discuss US-Iran policy issues. The Iranian side suggested that representation from the US be at the Under Secretary of State level to be raised later to the Deputy Secretary. According to [redacted] North responded that the three US representatives on the Commission would be Ollie North, Dick Secord and George Cave.

[redacted]

[redacted] We will keep you informed as we obtain further information from George Cave on the Iran connection.

A. Raphel

UNCLASSIFIED ~~SECRET/SENSITIVE~~

Exhibit GPS-52

~~TOP SECRET~~ UNCLASSIFIED EYES ONLY

THE SECRETARY OF DEFENSE
WASHINGTON THE DISTRICT OF COLUMBIA

December 23, 1986

N 36548
6411

Honorable George P. Shultz
Secretary of State
Department of State
Washington, D.C. 20520

Dear George:

I attach a memorandum which I have sent to the White House, and about which I feel very strongly. I think the memo discusses a very bad way to do very bad business. I hope that we will soon have an NSPG to prevent what I see is substantial further damage that can come to the Administration from a continuation of the same practices that have caused so much of the trouble we are experiencing now.

I think it is particularly unfortunate that the State Department's public statements are now denying that we are continuing contacts with the Iranian government through Third Country representatives, which is true only in the most technical sense of terms, and which I am afraid will cause further adverse reactions when the truth is known.

Sincerely,

2234

Declassified/Released on 20 July 1987
under provisions of E.O. 12356
by B. Reger, National Security Council

UNCLASSIFIED

~~TOP SECRET~~ EYES ONLY

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EXHIBIT
GPS-52

THE SECRETARY OF DEFENSE
UNCLASSIFIED
WASHINGTON, THE DISTRICT OF COLUMBIA

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22 DEC 1986

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MEMORANDUM FOR THE ACTING ASSISTANT TO THE PRESIDENT FOR NATIONAL SECURITY AFFAIRS

N 4[illegible]

When the President announced in late November or early December that all further arms shipments to Iran had ceased, and after it became apparent that the channels we were using to discuss hostage release, and other matters with the Iranians were, at the very least, ineffective, and, as is easily apparent now, totally counterproductive, I had assumed that we were finished with that entire Iranian episode and so testified to Congressional Committees during last week. I was astounded, therefore, to learn, on Friday, December 19, 1986, after my testimony, that United States "negotiators" were still meeting with the same Iranians. I learned this not from our State Department or from anyone in the American government, but by the same route I learned initially of the original discussions with the Iranians about arms sales, that is to say [redacted] When we inquired of the [redacted] NSC as to the meaning [redacted] I was finally advised that we did indeed have negotiators, namely, Mr. Raphael of the State Department, and probably others, still negotiating with the same elements in the Iranian group. I was told that we were no longer talking with them about selling them arms and I hope this is true, but I have no way of knowing if it is true.

I must point out as strongly as I can that any attempt to conduct major activities in the security field with the deliberate exclusion of those who have some responsibility for security cannot succeed in anything but adding to the troubles we already have. I would very much have appreciated an opportunity to present to the President arguments as to why we should not continue dealing with these channels in Iran. Their total unreliability and inability to produce anything except public accusations against the United States makes the entire procedure not only fruitless, but particularly dangerous in view of today's Iranian problems.

I think the President was entitled to have the advice of all of his security advisors, and I must strongly object that the continuation of this practice of secrecy and attempts to exclude various advisors whose advice it is apparently feared

Partially Declassified/Released on 20 July 1987
under provisions of E.O. 12356
by B. Reger, National Security Council

2235

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UNCLASSIFIED -ENTIRE TEXT

COPY 1 OF 4 COPIES

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may not support the agenda of the State Department, in this case, or some other agenda in other cases, can only get us in more and more difficulty, and serves the President very badly. I therefore ask that there be a meeting of the National Security Planning Group so this matter can be discussed properly, and presented properly, to the President, and that our so-called negotiators with the Iranian government, wherever they are, be brought home and instructed not to take any further action of any kind to meet with or discuss anything with Iranian government officials unless and until there is a Presidential decision growing out of an NSPG meeting to do so. And if there is such a decision, I would ask that the Defense Department and the NSC be kept fully informed and advised, and consulted as to what is happening or about to happen.

N 45405

I am sorry to be so blunt about it, but it seems to me incredibly wrong that the precise mechanisms of secrecy and attempts to exclude advisors who, it is feared may have different views, which helped cause so many of our present difficulties, are apparently being pursued by the State Department at this time.

I have now learned, thanks to your forthcomingness with me, and by reason of our investigations, that McFarlane had actually offered the Iranians sensitive intelligence information, passed by the U.S. as to Iraq, and that State plans another meeting with the Iranians on December 27 in Genena. I urgently urge that no such meetings be permitted until we have had the NSPG you very forthrightly offered.

I will urge, at that meeting that we tell all Iranians in whatever channel or channels there may be that we will discuss nothing with any of them until all American hostages are returned unharmed. The terms of reference you kindly showed me today seem to me to be wholly inadequate.

Cap Weinberger

cc: Don Regan

UNCLASSIFIED ENTIRE TEXT

Exhibit GPS-53

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EXHIBIT

GPS-53

MEMORANDUM FOR THE FILES

I received my copy of the attached memo from SecDef Weinberger to then-acting National Security Adviser Keel on December 24, 1986. I called Cap that day to tell him my reaction to his memo. I told him his assumptions were wrong, that I was glad to let him know what is going on and if he wanted to know the facts he ought to cease firing off intemperate memos about the State Department and instead pick up the phone and call me. Cap said he would do that.

The State Department found out about continuing use of a channel to the Iranians after the fact. It is ironic that others would accuse us of perpetuating a tactic we found outrageous. I specified for Cap some of the numerous occasions when we tried to shut this down and when we found out after the fact that the channel was still being kept open:

> A week before John Poindexter resigned we tried to get a decision on no more arms to Iran. We found out [redacted] was communicating directly with CIA Director Casey. We have not been a party to those contacts.

> We found out the Iranians had been maintaining direct contact with ex-CIA official George Cave and wanted to have another meeting. When we found out the meeting was to take place, we insisted on having one of our people there. Charlie Dunbar, a Farsi-speaking Foreign Service officer joined Cave. We saw this meeting as an opportunity to tell the Iranians 1) we would provide no more arms, and 2) this channel would no longer be used by the USG to convey policy messages; we were there to listen. Casey subsequently made an end run to Don Regan who went to the President who told NSC director Keel to change the instructions for the meeting and keep the channel open both for policy and intelligence exchanges. When we found this out, I went back to the President and got agreement that Mike Armacost would be in charge of coordinating our policy on Iran, including identifying and getting control of all the various channels. The President said he wanted to pursue contacts with the Iranians but no more arms would go to them.

> When the meeting took place, our representative Dunbar found out that the Iranians didn't have the word that this channel had changed, were operating on promises of arms and trying to negotiate with us on the basis of a nine point agenda which they claimed had been agreed upon.

> After Dunbar left Frankfurt, Cave met with his Iranian contact the next day for a second time. The CIA contends this meeting took place at Iranian request. We did not authorize this second meeting and we were not informed in advance it was to take place.

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Under provisions of E.O. 12356
by B. Reger, National Security Council

3 05336

Although there were no further face-to-face meetings about which we are aware, telephone contacts between Cave in Washington and an Iranian interlocutor in Tehran continued through mid-January. Beginning December 29, Charlie Dunbar was present for what the Agency said were all of the phone calls, but only heard the Cave end of the talks. During these conversations, the Iranian emphasized that they still expected arms to be delivered and expressed his displeasure over State Department involvement in the issue, since State was "seeking to spoil things".

Finally, on January 20, [redacted] of the Agency informed Arnie Raphel that the CIA had decided to close down the Cave channel [redacted] since there was no useful information being generated.

TO GPS 25Feb
~~29 Jan~~
[illegible]
[illegible]

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EXHIBIT GPS-54

3 03297

Iran and Terrorism NSDD_____

EXHIBIT GPS-54

TO: The Secretary of State
The Secretary of Defense
The Director of Central Intelligence
The Attorney General

UNCLASSIFIED

The United States has a legitimite and continuing interest in better relations with Iran. Its location, resources and size assure that Iran will be a major regional actor in the years to come.

We have begun a process of dialogue with elements in Iran who may also seek better relations with the United States. That dialogue will continue; however, the time has come to put these discussions into regular, though still quiet, diplomatic channels. I therefore direct the Secretary of State to assume full responsibility for these discussions.

At the same time, it is clear that America has other important interests and friends in the region. Many of these are threatened by Iran today. They must be assured of continued American support.

Moreover, Iran continues to support terrorism, despite some improvement in the last two years. America condemns terror whether directed against Americans or against non-Americans. This principle has been, and remains, central to our efforts to encourage broader international cooperation in the fight against terrorism. So our concerns with Iranian backed terrorism cannot be assuaged until Iran ceases all terrorist acts, regardless of the targets.

These obstacles will necessarily limit the possibilities of better relations with Iran. Until Iran ceases to be a threat to her neighbors, ends the war with Iraq and stops supporting and using terrorism, the US Government will ship no more arms to Iran. And until these conditions are met, we will strive vigorously and through all available channels to discourage third country arms shipments to Iran. We will not condone any such shipments until our conditions are fulfilled.

Finally, we will not abandon our hostages. We have always said that we are willing to talk to any one, to any group, to any government about their safe release. This continues to be our policy. But we have not, and will not, give in to terrorist demands. We will pay no ransoms. We will change no policies as a result of terrorist demands. Nor will we ask any other government to give in to demands. There are clearly risks in such a policy. But in the long run, continuing our firm policy of refusing to give in to terrorist blackmail will be safer for American citizens and a better guarantor of American interests.

222

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[illegible] 20 July 1987
[illegible] E.O. 12356
by [illegible], National Security Council

EXHIBIT GPS-55

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AFFIDAVIT

COMES NOW AFFIANT ROBERT B. OAKLEY, who states as follows:

1. My name is Robert B. Oakley, and my current position is Senior Director of Middle Eastern, South Asian, and North African Affairs for the National Security Council.

2. From September of 1984 to September of 1986, I served as Director of the Office of Counterterrorism and Emergency Planning, Department of State. My title was Ambassador-at-Large for Counterterrorism. My responsibilities included coordination of activities regarding international terrorism and the United States response to terrorism.

3. I recall conversations in November 1985 with Lt. Col. Oliver North (North) regarding a problem with [redacted] flight clearances. To the best of my recollection and belief, these conversations included the following:

   a. North stated that he was aware of Israeli arms shipments to Iran in exchange for certain intelligence [redacted] North indicated that he had discovered this relationship when "one of his people" went to an arms warehouse [redacted] to obtain arms for the Nicaraguan Resistance, and learned that the Israelis had been obtaining arms from the same source for shipment to Iran.

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under provisions of E.O. 12356
by B. Reger, National Security Council

EXHIBIT
GPS-55

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b. North stated that a problem had been encountered with [redacted] on getting flight clearance rights for shipping the HAWK missiles through [redacted]

c. North stated that Secretary of State George Shultz was "aware" of this matter and that National Security Advisor Robert McFarlane was in overall charge of the operation, had been contacted in Geneva (where he was with the President and the Secretary of State) and had agreed to help get the flight clearances, if necessary by his personal intervention. Based upon these assurances by North, I authorized him to communicate with the United States Embassy [redacted] and to advise it that the Department of State was "aware" of the matter and the Embassy could request clearances.

d. At no time during this conversation did North mention "oil drilling equipment" as the cargo involved.

4. I recall an Operational Sub Group (OSG) meeting with North on or about May 22, 1986, at which North discussed [redacted] release of the American hostages. To the best of my recollection and belief, that conversation included the following:

a. North stated that he was going to be travelling

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-3-

to London [redacted] to Cyprus. He indicated [redacted] had arranged for a $10 million contribution [redacted]

b. North stated that once the money was transferred, the American hostages would be released.

c. North did not mention any planned trip to Teheran, Iran, nor any arms transactions that may have been contemplated at the time.

d. I advised the Executive Secretary of the Department of State, Nicholas Platt, of my conversation with North and the information he had provided. I advised Platt that, based on North's recitation, I was hopeful that our American hostages would be released in the near future.

I declare under penalty of perjury that the foregoing is true and correct.

Robert B. Oakley

Robert B. Oakley

July 2, 1987

Date

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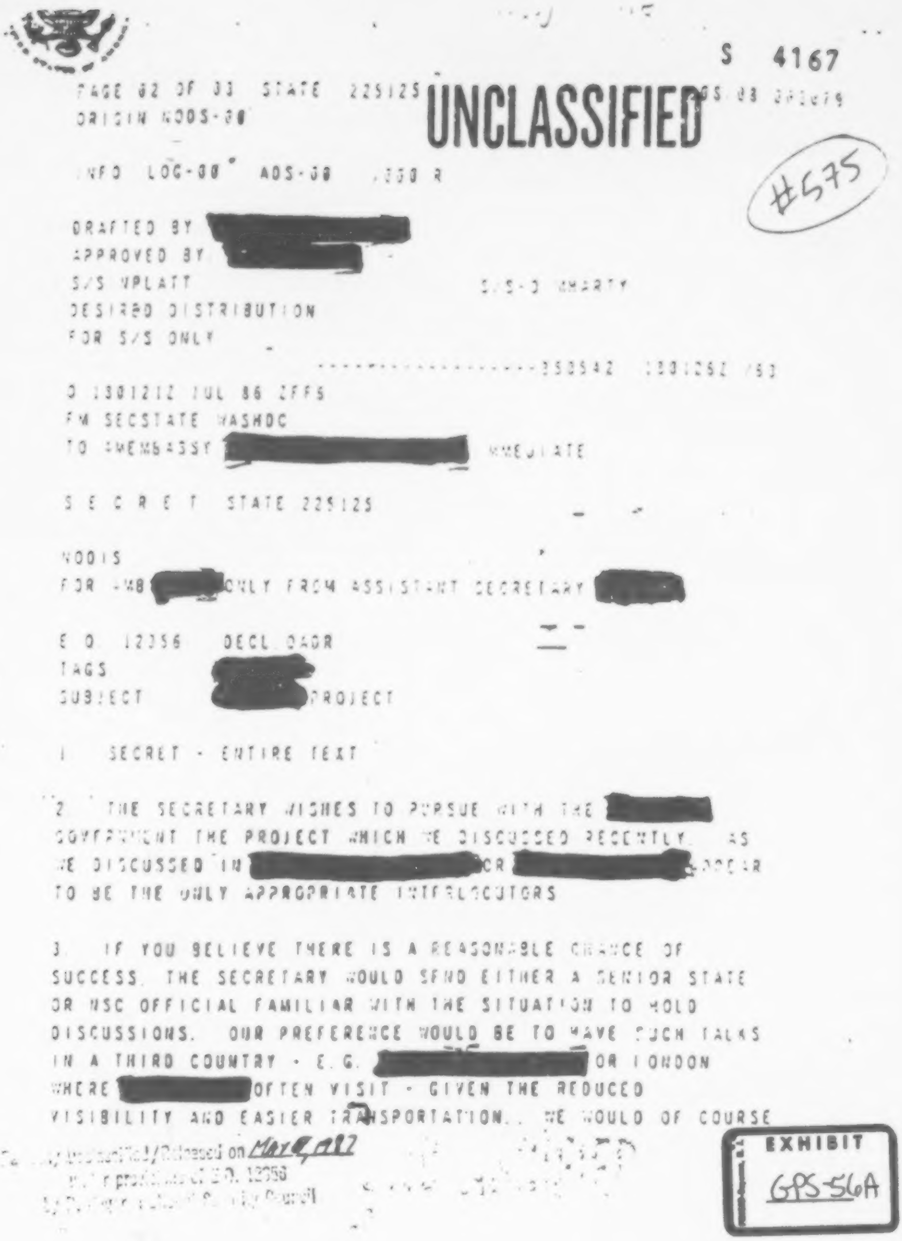
Exhibit GPS-56A



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PAGE 02 OF 03 STATE 225125 UNCLASSIFIED OS 08 OP1079
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FOR AMB [redacted] ONLY FROM ASSISTANT SECRETARY [redacted]

E.O. 12356 DECL: OADR
TAGS [redacted]
SUBJECT [redacted] PROJECT

#575

1. SECRET - ENTIRE TEXT

2. THE SECRETARY WISHES TO PURSUE WITH THE [redacted] GOVERNMENT THE PROJECT WHICH WE DISCUSSED RECENTLY. AS WE DISCUSSED IN [redacted] OR [redacted] APPEAR TO BE THE ONLY APPROPRIATE INTERLOCUTORS.

3. IF YOU BELIEVE THERE IS A REASONABLE CHANCE OF SUCCESS, THE SECRETARY WOULD SEND EITHER A SENIOR STATE OR NSC OFFICIAL FAMILIAR WITH THE SITUATION TO HOLD DISCUSSIONS. OUR PREFERENCE WOULD BE TO HAVE SUCH TALKS IN A THIRD COUNTRY - E.G. [redacted] OR LONDON WHERE [redacted] OFTEN VISIT - GIVEN THE REDUCED VISIBILITY AND EASIER TRANSPORTATION. WE WOULD OF COURSE

Partially Declassified/Released on MAY 4 1987
under provisions of E.O. 12356
by [illegible] National Security Council

EXHIBIT
GPS-56A

PAGE 03 OF 03 STATE 225125 C06/08 P52879

S 41c

BE PREPARED TO MEET IN [redacted] IF THAT IS THEIR PREFERENCE. [redacted]

4. UNLESS YOU CONSIDER THE ATTEMPT NOT FEASIBLE' YOU ARE INSTRUCTED TO MEET PRIVATELY WITH EITHER [redacted] OR [redacted] TO STATE:

A) THERE IS A MATTER OF GREAT IMPORTANCE TO THE FREE WORLD AS A WHOLE WHICH WE WOULD LIKE TO DISCUSS ON A MOST CONFIDENTIAL BASIS WITH [redacted]

B) IF [redacted] IS AGREEABLE' THE SECRETARY WOULD DISPATCH A SENIOR OFFICIAL TO MEET PRIVATELY WITH EITHER ONE OR BOTH OF THEM.

C) TO REDUCE THE VISIBILITY OF SUCH A MEETING WE WOULD SUGGEST THE TALKS BE IN A THIRD COUNTRY, PERHAPS [redacted] OR LONDON IF THAT WERE CONVENIENT IN THE IMMEDIATE FUTURE. IF THIS IS NOT CONVENIENT WE WOULD OF COURSE BE HAPPY TO MEET IN [redacted] TAKING APPROPRIATE PRECAUTIONS TO ASSURE CONFIDENTIALITY

5. RESPONSE SHOULD BE SENT IN THIS CHANNEL SLUGGED [redacted]

[redacted] SHULTZ

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EXHIBIT GPS-56B

S 4167

PAGE 02 OF 03 [redacted] 00954 220416Z C05/13 004683
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E.O. 12356: DECL: OADR
TAGS [redacted]
SUBJECT: [redacted] PROJECT

REF: STATE 225125

1. SECRET - ENTIRE TEXT

2. THE FOLLOWING IS IN REPLY TO ASSISTANT SECRETARY [redacted] MESSAGE CONTAINED REFTEL.

3. I HAVE GIVEN CAREFUL THOUGHT TO YOUR MESSAGE AND WHILE I DO BELIEVE THERE CAN BE A REASONABLE CHANCE OF SUCCESS THE OPINION I EXPRESSED TO YOU IN [redacted] REMAINS UNCHANGED. CONSIDERABLE GROUNDWORK IS GOING TO BE REQUIRED TO ASSURE THAT REASONABLE CHANCE. I REALIZE THERE MAY BE SOME URGENCY BUT I STILL MUST CONCLUDE THAT WITHOUT CAREFUL PREPARATION WE MAY JEOPARDIZE THIS OR SIMILAR OPPORTUNITIES. MY BEST JUDGMENT IS THAT THE WAY TO PROCEED IS BY BUILDING UP A SENSE OF MUTUAL INTEREST AND PARTNERSHIP AND I DO NOT THINK THAT THIS CAN BE DONE IN A MONTH OR TWO BUT TO REPEAT I DO BELIEVE THERE IS A REASONABLE

EXHIBIT
GPS-56B

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under provisions of E.O. 12356
by B. Reger, National Security Council

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PAGE 03 OF 03 [redacted] 03954 282416Z [illegible]

CHANCE OF SUCCESS IF WE ARE ABLE TO TAKE THIS ONE STEP AT A TIME."

4. [redacted]

5 [redacted] AND I WANT TO ASSURE YOU THAT I HAVE GIVEN VERY CAREFUL CONSIDERATION BEFORE REACHING THE CONCLUSION THAT I HAVE. UNLESS INSTRUCTED OTHERWISE I WOULD LIKE TO PROPOSE THAT WE PROCEED WITH INITIAL STEPS TO MOVE THIS MATTER FORWARD, AND I WOULD HOPE SOON TO HAVE A BETTER FEEL FOR HOW FAST WE MAY BE ABLE TO GO. [redacted] VISIT TO THE USS [redacted] IS NOW FIRM FOR SEPTEMBER 20 AND [redacted] IS VISITING HERE SEPTEMBER 25. IN THE MEANTIME I AM LOOKING FOR AN EARLY OPPORTUNITY TO TRY AND HAVE A PRIVATE MEETING OR TWO WITH [redacted]

Exhibit GPS-56

S 4171

PAGE 02 OF 03 STATE 234619 [illegible]

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E.O. 12356 DECL OADR
TAGS [redacted]
SUBJECT [redacted] PROJECT

REF (A) STATE 225125 (B) [redacted] 0954

1. SECRET - ENTIRE TEXT.

2. I APPRECIATE YOUR MESSAGE. YOU MADE CONVINCING ARGUMENTS, AND UNDER ORDINARY CIRCUMSTANCES I WOULD AGREE THAT WE SHOULD PROCEED SLOWLY AS YOU RECOMMEND. HOWEVER WE ARE FACED WITH AN URGENT SITUATION, AND THE STRONG FEELING HERE IS THAT WE NEED TO MOVE FORWARD NOW. MOREOVER, WE BELIEVE THAT WE HAVE ALREADY LAID CONSIDERABLE GROUNDWORK. IN HIS JUNE 24 MEETING WITH [redacted] AND HIS JUNE 26 MEETING IN MANILA WITH [redacted] THE SECRETARY CLEARLY EMPHASIZED THE WORLDWIDE

Partially Declassified/Released on May 8, 1987
under provisions of E.O. 12356
by B. Reger, National Security Council

EXHIBIT
GPS-56C

S 4172

THREAT OF SOVIET AGGRESSION AND THE INTERELATIONSHIP OF SUCH PROBLEMS AS CAMBODIA AND NICARAGUA. THE [redacted] AND [redacted] APPEARED TO TAKE THIS ON BOARD. FURTHERMORE WE HAVE THE UPCOMING SHIP AND [redacted] VISITS.

3. I THEREFORE ASK YOU TO SEEK AN EARLY APPOINTMENT WITH [redacted] OR [redacted] TO SOLICIT AGREEMENT FOR A MEETING WITH A HIGH LEVEL USG REPRESENTATIVE, PREFERABLY IN A THIRD COUNTRY. WE HAVE YET TO DETERMINE WHO THAT OFFICIAL MIGHT BE BUT OUR EMISSARY WILL BE PREPARED TO TRAVEL TO LONDON, [redacted] OR ANY OTHER APPROPRIATE SITE.

4. WE WOULD ALSO VERY MUC APPRECIATE YOUR THOUGHTS ON HOW OUR PROPOSAL COULD BEST BE PUT TO [redacted] I WILL LOOK FORWARD TO RECEIVING YOUR VIEWS AS SOON AS POSSIBLE. ARMACOST —

EXHIBIT GPS-56D

Department of State S 4173

PAGE 02 OF 04 [redacted] 00974 281213Z C01/01 A417 NOD
ACTION NODS-00

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#578

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SECRET [redacted] 3974

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[redacted]

E.O. 12356: DECL: OADR
TAGS: [redacted]
SUBJECT: [redacted] PROJECT

REF: A) STATE 234619, B) 77 954, C) STATE 225125

1. SECRET - ENTIRE TEXT

2. PLEASE PASS THE FOLLOWING TO ASSISTANT SECRETARY [redacted]

3. I MET JULY 28 WIOE [redacted] (NO ONE ELSE WAS PRESENT) AND CARRIED OUT INSTRUCTIONS CONTAINED REFS A AND C. [redacted] SAID MEETING WOULD BE POSSIBLE PROVIDED THAT WE COULD ASSURE HIM CATEGORICALLY THERE WOULD BE NO PUBLICITY AND NO LEAKS. I SAID THAT WAS ENTIRELY OUR DESIRE AND THAT IS WHY WE HAD PROPOSED THAT MEETING TAKE PLACE IN A THIRD COUNTRY. [redacted] THEN WANTED TO BE ASSURED THAT OURREPRESENTATIVE WOULD BE A USG OFFICIAL AND INDICATED THAT INITIAL MEETING WOULD BE WITH [redacted] AND HE DID NOT COMMIT HIMSELF TO A MEETING WITH [redacted]

Partially Declassified/Released on MAY 8, 1987
under provisions of E.O. 12356
[illegible] Security Council

EXHIBIT
GPS-56D

Department of State

S 4174

PAGE 03 OF 04 [redacted] 06974 261213Z UNCLASSIFIED C01/01 4417

[redacted] I ASSURED HIM THAT VERY PRIVATE CHANNEL WOULD BE USED AND THAT KNOWLEDGE WAS LIMITED IN [redacted] TO THE TWO OF US.

4. AFTER FURTHER DISCUSSION WE AGREED THAT BEST LOCALE FOR MEETING WOULD BE LONDON DURING PERIOD AUGUST 8-11

[redacted]

5 [redacted] AND I AGREED IT WOULD BE BEST FOR ARRANGEMENTS TO BE SET UP BEFORE [redacted] DEPARTURE FOR LONDON IN ORDER TO AVOID CONFUSION AND KEEP NUMBER OF PERSONS

UNCLASSIFIED

PAGE 04 OF 04 [redacted] 08974 281213Z C01/01 A417

INVOLVED TO AN ABSOLUTE MINIMUM. THEREFORE HOPE YOU CAN PROVIDE NAME OF REPRESENTATIVE AND PROPOSED TIME AND PLACE OF MEETING THIS WEEK SO THAT WE WILL HAVE TIME TO GET ANY REACTION BEFORE THEY DEPART.

[redacted]

EXHIBIT GPS-56E

S 4176

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#579

PAGE 02 OF 03 STATE 241120 C01/08 303354 NO
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TO AMEMBASSY [redacted] IMMEDIATE

S E C R E T STATE 241120

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FOR THE AMBASSADOR FROM ASSISTANT SECRETARY [redacted]

E.O. 12356 DECL OADR
TAGS: [redacted]
SUBJECT: [redacted] PROJECT

REF: [redacted] 974

1. SECRET - ENTIRE TEXT.

2. WE APPRECIATE YOUR EXCELLENT WORK IN MAKING TENTATIVE ARRANGEMENTS FOR A MEETING IN LONDON WITH [redacted] AND HOPEFULLY [redacted]. WE HAVE NOT YET DETERMINED WHO OUR EMISSARY WILL BE. HOWEVER YOU MAY INFORM [redacted] THAT WE WILL HAVE A USG EMISSARY IN LONDON NEXT WEEK TO MEET WITH HIM. WE WOULD PREFER TO HAVE THE MEETING AS EARLY AS POSSIBLE BUT ANY OF THE PERIODS SUGGESTED PARA. 4 REFTEL ARE ACCEPTABLE. PLEASE SEE IF YOU CAN PIN DOWN A TIME FOR A MEETING. WE HOPE TO BE ABLE TO GIVE YOU THE NAME

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under provisions of E.O. 12356
by B. Reger, National Security Council

EXHIBIT
GPS-56E

UNCLASSIFIED

OF OUR EMISSARY BY MONDAY, AUGUST 4.

3 PLEASE ALSO REASSURE [redacted] THAT WE ARE IN TOTAL AGREEMENT WITH HIM ABOUT THE NEED FOR THE UTMOST DISCRETION' SHULTZ

EXHIBIT GPS-56F

S 4178

PAGE 02 OF 03 [redacted] 00397 040027Z

ACTION NODS-00

UNCLASSIFIED

#54

INFO LOG-00 ADS-00
NODS W

---------------------377333 040236Z /61

O 032748Z AUG 86 ZFF-4
FM AMEMBASSY [redacted]
TO SECSTATE WASHDC NIACT IMMEDIATE 1333

SECRET [redacted] 0397

[redacted]

[redacted]

E.O. 12356 DECL OADR
TAGS [redacted]
SUBJECT [redacted] PROJECT

REF STATE 241120

1. SECRET - ENTIRE TEXT

2. PLEASE PASS FOLLOWING TO ASSISTANT SECRETARY [redacted] COB MONDAY AUGUST 4.

3. [redacted] CAN MEET OUR EMISSARY ON SATURDAY AUGUST 9 [redacted] OUR EMISSARY SHOULD TELEPHONE [redacted] AT [redacted] PRIOR TO MEETING TO MAKE SPECIFIC ARRANGEMENTS. [redacted] WILL PROBABLY SUGGEST THAT THEY MEET IN HYDE PARK. YOU MAY WISH TO HAVE EMISSARY USE A CODE NAME [redacted]

4. [redacted] AND [redacted] DEPART [redacted] EARLY MORNING WEDNESDAY AUGUST 6 AND I WILL NEED TO SEE HIM REGARDING THE NAME

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EXHIBIT
GPS-56F

UNCLASSIFIED 4179

PAGE [illegible] OF [illegible] [redacted] 06997 [illegible]

OF THE EMISSARY AND ANY OTHER INFORMATION YOU WISH TO PASS ON NO LATER THAN TUESDAY AUGUST 5 IN VIEW OF OUR UNRELIABLE COMMUNICATIONS (THE LINE IS DOWN RIGHT NOW) HOPE YOU CAN GET A MESSAGE OUT TO ME ON MONDAY MORNING

[redacted]

EXHIBIT GPS-56G

UNCLASSIFIED

Department of State

PAGE 01 OF 01 [redacted] 01006 050738Z   C01 04 P05081

ACTION NODS-00

S 4180

INFO LOG-00 ADS-00 /000 W

------------------152254 050838Z /11

887

O 050750Z AUG 86 ZFF-4

FM AMEMBASSY [redacted]

TO SECSTATE WASHDC NIACT IMMEDIATE 1309

SECRET [redacted] 1006

NODIS

[redacted]

E.O. 12356: OADS

TAGS [redacted]

SUBJECT: [redacted] PROJECT

REF: A) [redacted] 0997 B) STATE 241120

1. SECRET ENTIRE TEXT

2. PLEASE PASS FOLLOWING TO ASSISTANT SECRETARY [redacted] COB TUESDAY AUGUST 5.

3. IT IS CLOSE OF BUSINESS TUESDAY HERE IN [redacted] AND I HAVE NOT YET HAD A REPLY TO REF A AND I AM TOLD THAT THERE ARE NO MESSAGES IN THE PIPELINE. IF AT ALL POSSIBLE NEED NAME OF OUR EMISSARY BY NIACT IMMEDIATE. [redacted] WILL BE IN HIS OFFICE TOMORROW MORNING FOR ABOUT HALF AN HOUR BEFORE HE AND [redacted] TAKE OFF FOR LONDON AND I THINK IT IS IMPORTANT THAT THE IDENTITY OF OUR EMISSARY BE ESTABLISHED IN ADVANCE TO CREATE THE RIGHT ATMOSPHERE.

4. IF THERE IS NEED TO REACH ME IN THE NEXT 12 HOURS, MY HOME TELEPHONE IS [redacted]

EXHIBIT
GPS-56-G

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by J. Reger, National Security Council

UNCLASSIFIED

Department of State

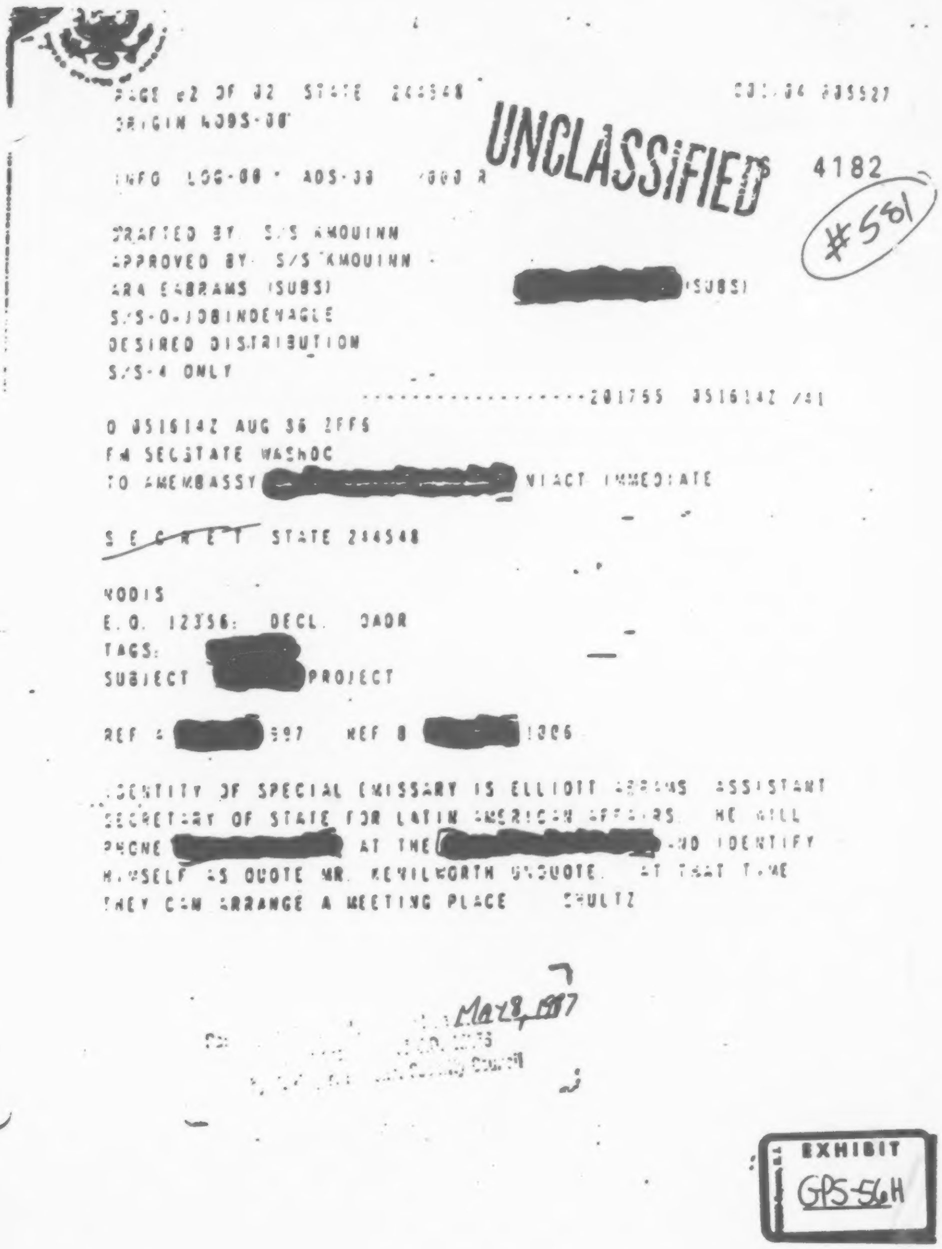
PAGE 03 OF 03 [redacted] 01006 0[illegible]Z C01 04 [illegible] 91

[redacted]

S 4181

UNCLASSIFIED

Exhibit GPS-56H



PAGE 02 OF 02 STATE 244548 C01/04 035527
ORIGIN NODS-00

UNCLASSIFIED

4182

#581

INFO LOG-00 ADS-00 /000 R

DRAFTED BY: S/S KMOUINN
APPROVED BY: S/S KMOUINN
ARA EABRAMS (SUBS) [redacted] (SUBS)
S/S-O:JDBINDENAGLE
DESIRED DISTRIBUTION
S/S-4 ONLY
------------------201755 051614Z /41

O 051614Z AUG 86 ZFF5
FM SECSTATE WASHDC
TO AMEMBASSY [redacted] NIACT IMMEDIATE

~~S E C R E T~~ STATE 244548

NODIS
E.O. 12356: DECL: OADR
TAGS: [redacted]
SUBJECT: [redacted] PROJECT

REF A. [redacted] 597 REF B. [redacted] 1306

IDENTITY OF SPECIAL EMISSARY IS ELLIOTT ABRAMS, ASSISTANT SECRETARY OF STATE FOR LATIN AMERICAN AFFAIRS. HE WILL PHONE [redacted] AT THE [redacted] AND IDENTIFY HIMSELF AS QUOTE MR. KENILWORTH UNQUOTE. AT THAT TIME THEY CAN ARRANGE A MEETING PLACE. SHULTZ

May 8, 1987

Security Council

EXHIBIT
GPS-56H

EXHIBIT GPS-56I

Department of State

UNCLASSIFIED

INCC

PAGE 02 OF 02 [redacted] 01807 060348Z C02/04 006145 NOD
ACTION NODS-00

S 4183

INFO LOG-00 ADS-00 /000 W
------------------306445 060850Z /10

888

O 060120Z AUG 86 ZFF-4
FM AMEMBASSY [redacted]
TO SECSTATE WASHDC IMMEDIATE 1810

S E C R E T [redacted] 01807

NODIS

[redacted]

E.O. 12356: OADS
TAGS [redacted]
SUBJECT [redacted] PROJECT

REF: STATE 244548

1. SECRET ENTIRE TEXT

2. PLEASE PASS FOLLOWING TO ASSISTANT SECRETARY [redacted]

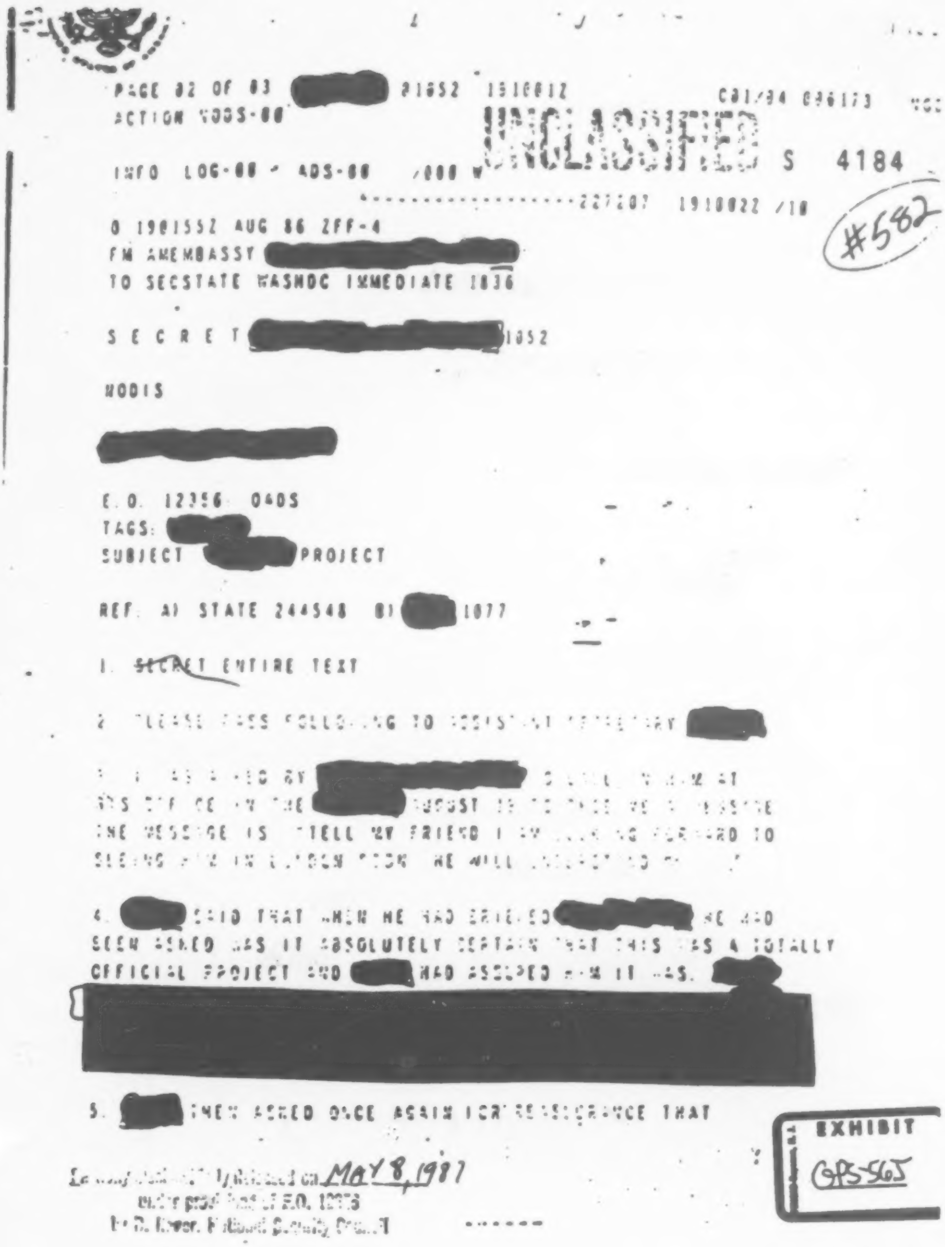
3. I WAS ABLE TO SEE [redacted] JUST A FEW MINUTES BEFORE THEY TOOK OFF FOR LONDON. HE WILL BE EXPECTING A PHONE CALL AT THE [redacted] EVENING OF FRIDAY AUGUST 8 FROM A MR. KENILWORTH AT WHICH TIME [redacted] WILL PROVIDE EXACT TIME AND PLACE FOR MEETING THE NEXT MORNING. IF FOR ANY REASON IT IS NOT POSSIBLE TO REACH [redacted] THAT EVENING ABRAMS SHOULD CALL EARLY THE NEXT MORNING.
[redacted]

EXHIBIT
GPS-56I

UNCLASSIFIED

Partially Declassified/Released on 13 MAY
under provisions of E.O. 12356
by [illegible] Reger, National Security Council

EXHIBIT GPS-56J



PAGE 02 OF 03 [redacted] 01852 191001Z C01/04 096173 NOD
ACTION NODS-00

UNCLASSIFIED S 4184

INFO LOG-00 ADS-00 /000 W
------------------227207 191002Z /10

#582

O 190155Z AUG 86 ZFF-4
FM AMEMBASSY [redacted]
TO SECSTATE WASHDC IMMEDIATE 1836

S E C R E T [redacted] 1852

NODIS

[redacted]

E.O. 12356: OADS
TAGS: [redacted]
SUBJECT: [redacted] PROJECT

REF: A) STATE 244548 B) [redacted] 1077

1. ~~SECRET~~ ENTIRE TEXT

2. PLEASE PASS FOLLOWING TO ASSISTANT SECRETARY [redacted]

3. I WAS ASKED BY [redacted] TO CALL ON HIM AT HIS OFFICE ON THE [redacted] AUGUST 19 TO PASS ME A MESSAGE. THE MESSAGE IS: "TELL MY FRIEND I AM LOOKING FORWARD TO SEEING HIM IN LONDON SOON. HE WILL UNDERSTAND [illegible]"

4. [redacted] SAID THAT WHEN HE HAD BRIEFED [redacted] HE HAD BEEN ASKED WAS IT ABSOLUTELY CERTAIN THAT THIS WAS A TOTALLY OFFICIAL PROJECT AND [redacted] HAD ASSURED HIM IT WAS. [redacted]

5. [redacted] THEN ASKED ONCE AGAIN FOR REASSURANCE THAT

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by B. Reger, National Security Council

EXHIBIT
GPS-56J

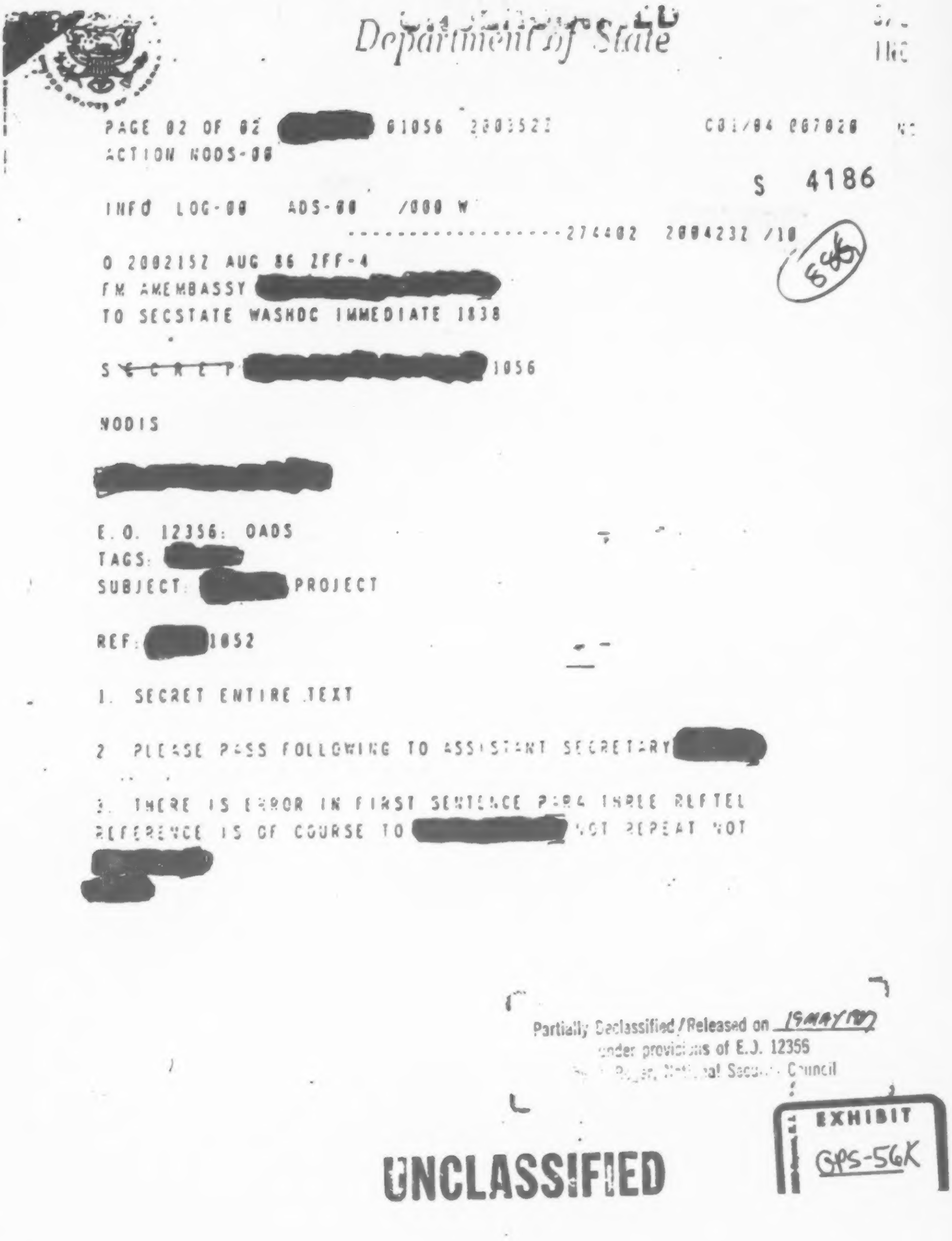
UNCLASSIFIED

PAGE 03 OF 03 [redacted] 01492 [illegible] C01/04 Z06172 | NO

KNOWLEDGE IN THIS MATTER WAS LIMITED TO A VERY, VERY FEW PEOPLE I ASSURED HIM AGAIN THAT THIS WAS THE CASE S 4185

6, COMMENT IT IS OBVIOUS THAT THE WAY THIS MATTER HAS BEEN HANDLED HAS BEEN REASSURING TO [redacted] AND THEREFORE TO [redacted]

EXHIBIT GPS-56K



Department of State

PAGE 02 OF 02 [redacted] 01056 200352Z C01/04 067020 NC
ACTION NODS-00

S 4186

INFO LOG-00 ADS-00 /000 W
------------------274402 200423Z /10

865

O 200215Z AUG 86 ZFF-4
FM AMEMBASSY [redacted]
TO SECSTATE WASHDC IMMEDIATE 1838

S ~~ECRET~~ [redacted] 1056

NODIS

[redacted]

E.O. 12356: OADS
TAGS: [redacted]
SUBJECT: [redacted] PROJECT

REF: [redacted] 1052

1. SECRET ENTIRE TEXT

2. PLEASE PASS FOLLOWING TO ASSISTANT SECRETARY [redacted]

3. THERE IS ERROR IN FIRST SENTENCE PARA THREE REFTEL REFERENCE IS OF COURSE TO [redacted] NOT REPEAT NOT [redacted]

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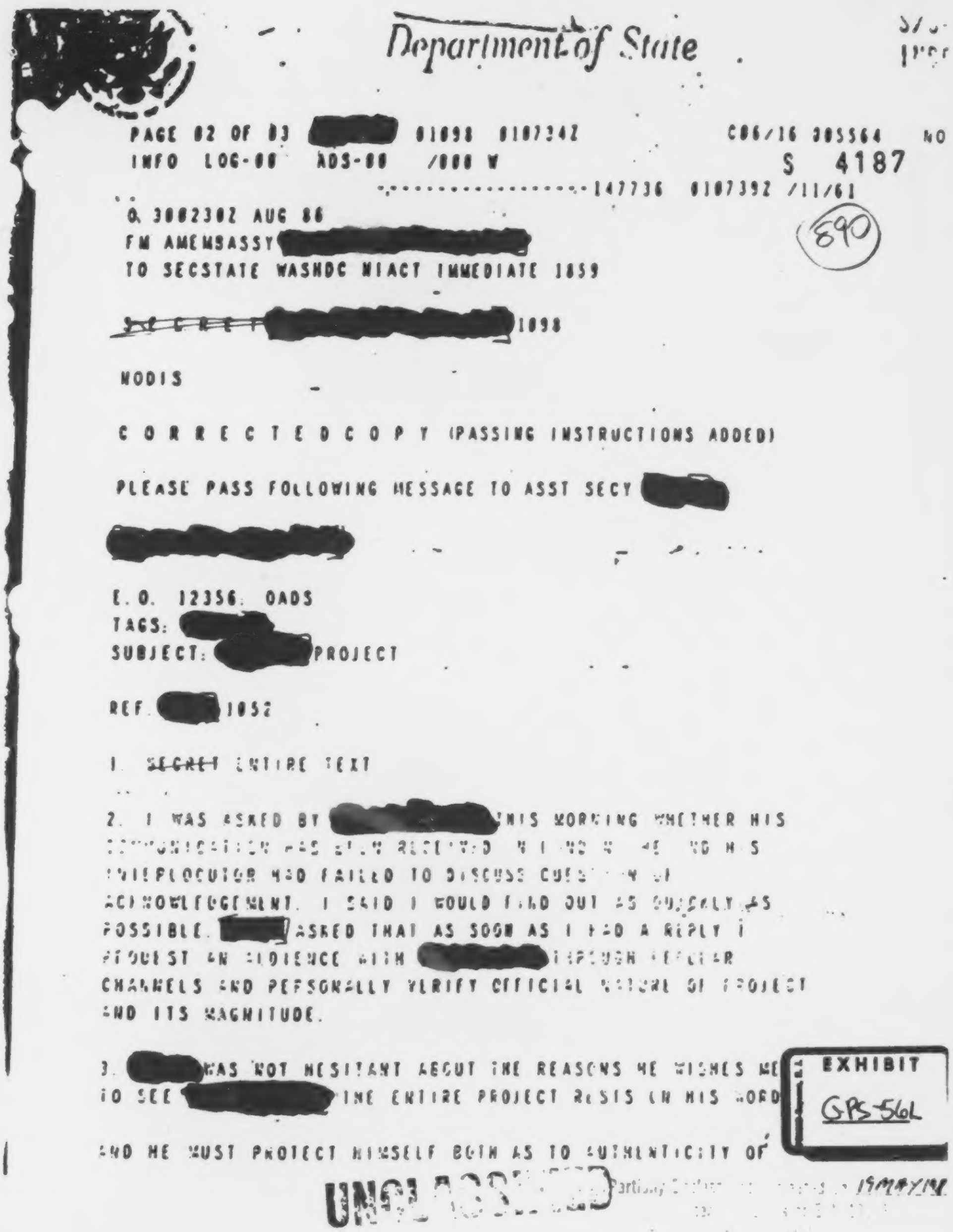
under provisions of E.O. 12356
[illegible] Reger, National Security Council

UNCLASSIFIED

EXHIBIT
GPS-56K

Exhibit GPS-56L



Department of State

PAGE 02 OF 03 [redacted] 01098 010734Z C06/16 305564 NO
INFO LOG-00 ADS-00 /000 W
S 4187
------------------147736 010739Z /11/61
O 300230Z AUG 86
FM AMEMBASSY [redacted]
TO SECSTATE WASHDC NIACT IMMEDIATE 1859

(890)

~~SECRET~~ [redacted] 1098

NODIS

CORRECTED COPY (PASSING INSTRUCTIONS ADDED)

PLEASE PASS FOLLOWING MESSAGE TO ASST SECY [redacted]

[redacted]

E.O. 12356: OADS
TAGS: [redacted]
SUBJECT: [redacted] PROJECT

REF: [redacted] 1052

1. ~~SECRET~~ ENTIRE TEXT

2. I WAS ASKED BY [redacted] THIS MORNING WHETHER HIS COMMUNICATION HAS BEEN RECEIVED [illegible] HE AND HIS INTERLOCUTOR HAD FAILED TO DISCUSS QUESTION OF ACKNOWLEDGEMENT. I SAID I WOULD FIND OUT AS QUICKLY AS POSSIBLE. [redacted] ASKED THAT AS SOON AS I HAD A REPLY I REQUEST AN AUDIENCE WITH [redacted] THROUGH REGULAR CHANNELS AND PERSONALLY VERIFY OFFICIAL NATURE OF PROJECT AND ITS MAGNITUDE.

3. [redacted] WAS NOT HESITANT ABOUT THE REASONS HE WISHES ME TO SEE [redacted] THE ENTIRE PROJECT RESTS ON HIS WORD AND HE MUST PROTECT HIMSELF BOTH AS TO AUTHENTICITY OF

EXHIBIT
GPS-56L

UNCLASSIFIED

Partially [illegible] 19MAY198

Department of State

PAGE 03 OF 03 [redacted] 01098 010734Z C06/16 005554 NO

PROJECT AND PRECISE MAGNITUDE. [redacted] ALSO SUGGESTED THAT WHEN I SEE [redacted] I HAVE A MESSAGE OF APPRECIATIONS 4188 IN HAND.

4. IT IS IN MY JUDGEMENT THAT IT IS IN OUR INTEREST FOR ME TO SEE [redacted] AS QUICKLY AS POSSIBLE. IN ADDITION TO MESSAGE OF APPRECIATION FROM AS HIGH A LEVEL AS POSSIBLE. IT WILL BE SUFFICIENT FOR YOU SIMPLY TO VERIFY THAT MAGNITUDE IS AS WE ORIGINALLY DISCUSSED. IF THIS IS THE CASE. PLEASE REPLY BY IMMEDIATE TELEGRAM.

[redacted]

EXHIBIT GPS-56M

PAGE 02 OF 03 STATE 276304 C01/04 007012 NOD:

ORIGIN NODS-00

UNCLASSIFIED

S 4189

#583

INFO LOG-00 ADS-00 /000 R

DRAFTED BY [redacted]
APPROVED BY: [redacted]
ARA EABRAMS S/S NPLATT
S/S-O RMBISHOP
DESIRED DISTRIBUTION
S/S-4 ONLY
------------------261151 031707Z /44

O 031704Z SEP 86 ZFF6
FM SECSTATE WASHDC
TO AMEMBASSY [redacted] IMMEDIATE

~~S E C R E T~~ STATE 276304

NODIS
FOR THE AMBASSADOR FROM ASSISTANT SEC [redacted]

E.O. 12356 DECL OADR
TAGS [redacted]
SUBJECT [redacted] PROJECT

REF [redacted] 1098

1 SECRET - ENTIRE TEXT

2 PLEASE PASS THE FOLLOWING MESSAGE FROM SECRETARY SHULTZ TO [redacted]

WE GREATLY APPRECIATE YOUR SUPPORT FOR THIS ENDEAVOR WHICH WE BELIEVE HAS GREAT IMPORTANCE FOR THE OVERALL SECURITY OF THE FREE WORLD I LOOK FORWARD TO OUR CONTINUED CLOSE COOPERATION ON ISSUES OF MUTUAL CONCERN.

3. YOU MAY ALSO CONFIRM THE MAGNITUDE OF THE PROJECT IS

EXHIBIT
GPS-56M

[illegible] Released on MAY 8, 1987
under provisions of E.O. 12356
[illegible] Security Council

~~SECRET~~

UNCLASSIFIED

PAGE 03 OF 03 STATE 276304 C01/04 007012 U-

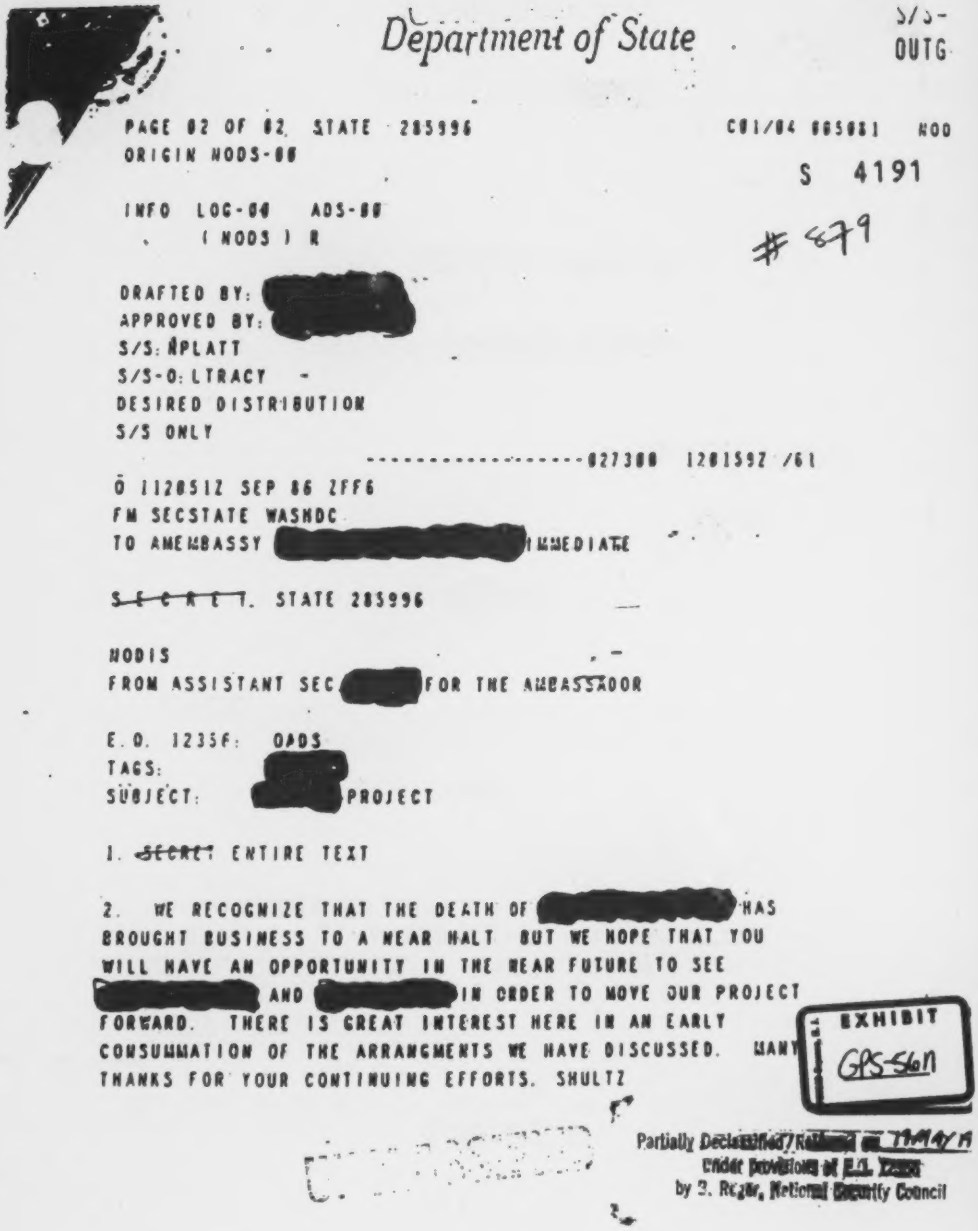
S 4190

AS ORIGNALLY DISCUSSED.

4. AGAIN MANY THANKS FOR YOUR EFFORTS ON THIS PROJECT WHICH ARE MUCH APPRECIATED HERE. WHITEHEAD

UNCLASSIFIED

EXHIBIT GPS-56N



Department of State

S/S-
OUTG

PAGE 02 OF 02 STATE 285996 C01/04 065081 NOD

ORIGIN NODS-00

S 4191

INFO LOG-00 ADS-00
(NODS) R

879

DRAFTED BY: [redacted]
APPROVED BY: [redacted]
S/S: RPLATT
S/S-O: LTRACY
DESIRED DISTRIBUTION
S/S ONLY

------------------027300 120159Z /61

O 112051Z SEP 86 ZFF6
FM SECSTATE WASHDC
TO AMEMBASSY [redacted] IMMEDIATE

~~S E C R E T~~ STATE 285996

NODIS
FROM ASSISTANT SEC [redacted] FOR THE AMBASSADOR

E.O. 12356: OADS
TAGS: [redacted]
SUBJECT: [redacted] PROJECT

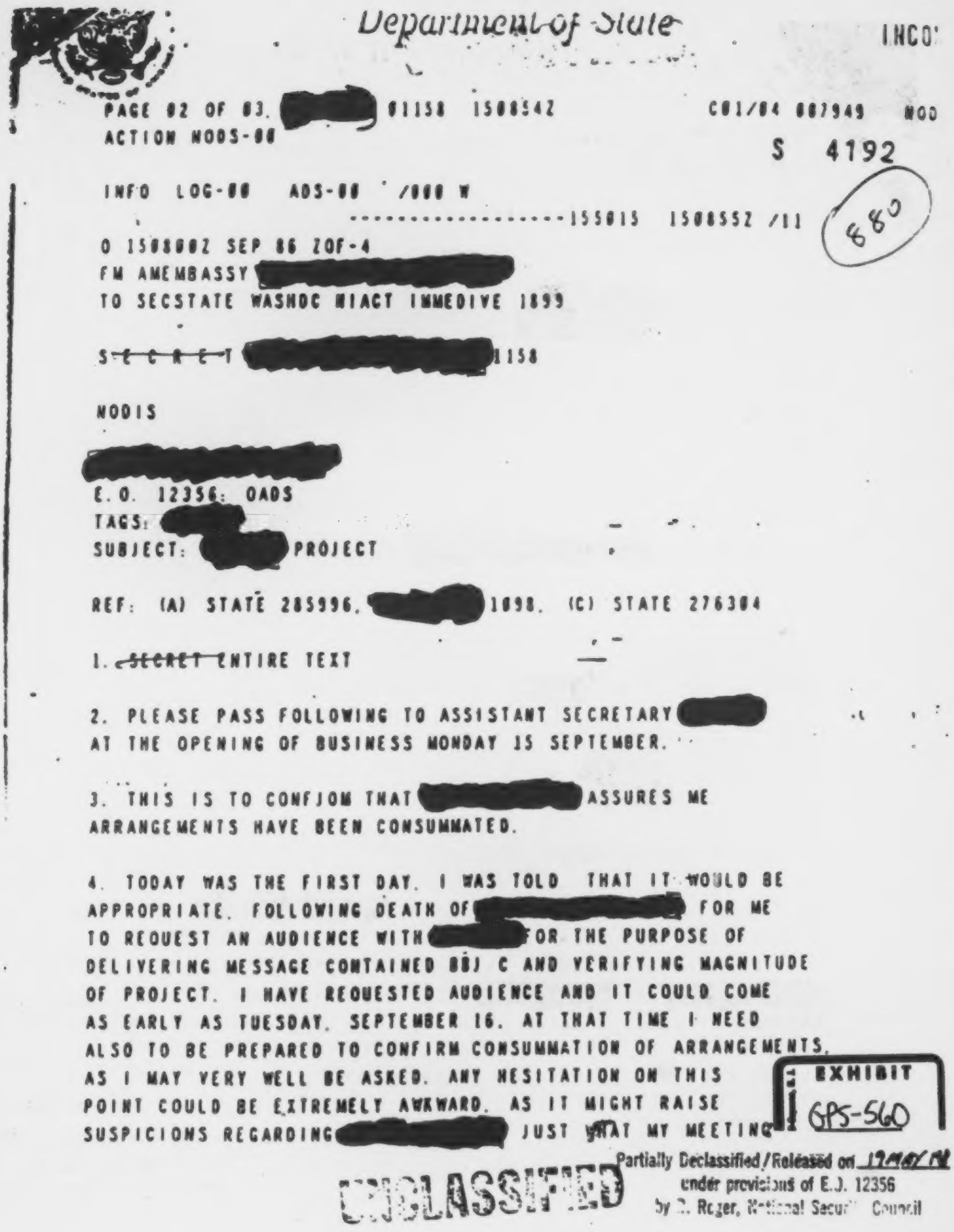
1. ~~SECRET~~ ENTIRE TEXT

2. WE RECOGNIZE THAT THE DEATH OF [redacted] HAS BROUGHT BUSINESS TO A NEAR HALT BUT WE HOPE THAT YOU WILL HAVE AN OPPORTUNITY IN THE NEAR FUTURE TO SEE [redacted] AND [redacted] IN ORDER TO MOVE OUR PROJECT FORWARD. THERE IS GREAT INTEREST HERE IN AN EARLY CONSUMMATION OF THE ARRANGMENTS WE HAVE DISCUSSED. MANY THANKS FOR YOUR CONTINUING EFFORTS. SHULTZ

EXHIBIT
GPS-56n

Partially Declassified/Released on [illegible]
under provisions of E.O. 12356
by B. Reger, National Security Council

EXHIBIT GPS-56O



Department of State

INCO:

PAGE 02 OF 03 [redacted] 01158 150854Z C01/04 007949 NOD

ACTION NODS-00

S 4192

INFO LOG-00 ADS-00 /000 W

------------------155015 150855Z /11

880

O 150800Z SEP 86 ZOF-4

FM AMEMBASSY [redacted]

TO SECSTATE WASHDC NIACT IMMEDIVE 1899

~~S-E-C-R-E-T~~ [redacted] 1158

NODIS

[redacted]

E.O. 12356: OADS

TAGS: [redacted]

SUBJECT: [redacted] PROJECT

REF: (A) STATE 285996, [redacted] 1898, (C) STATE 276304

1. ~~SECRET~~ ENTIRE TEXT

2. PLEASE PASS FOLLOWING TO ASSISTANT SECRETARY [redacted] AT THE OPENING OF BUSINESS MONDAY 15 SEPTEMBER.

3. THIS IS TO CONFJOM THAT [redacted] ASSURES ME ARRANGEMENTS HAVE BEEN CONSUMMATED.

4. TODAY WAS THE FIRST DAY. I WAS TOLD THAT IT WOULD BE APPROPRIATE, FOLLOWING DEATH OF [redacted] FOR ME TO REQUEST AN AUDIENCE WITH [redacted] FOR THE PURPOSE OF DELIVERING MESSAGE CONTAINED BBJ C AND VERIFYING MAGNITUDE OF PROJECT. I HAVE REQUESTED AUDIENCE AND IT COULD COME AS EARLY AS TUESDAY, SEPTEMBER 16. AT THAT TIME I NEED ALSO TO BE PREPARED TO CONFIRM CONSUMMATION OF ARRANGEMENTS, AS I MAY VERY WELL BE ASKED. ANY HESITATION ON THIS POINT COULD BE EXTREMELY AWKWARD, AS IT MIGHT RAISE SUSPICIONS REGARDING [redacted] JUST WHAT MY MEETING

EXHIBIT GPS-560

UNCLASSIFIED

Partially Declassified/Released on 19MAY [illegible]
under provisions of E.O. 12356
by D. Reger, National Security Council

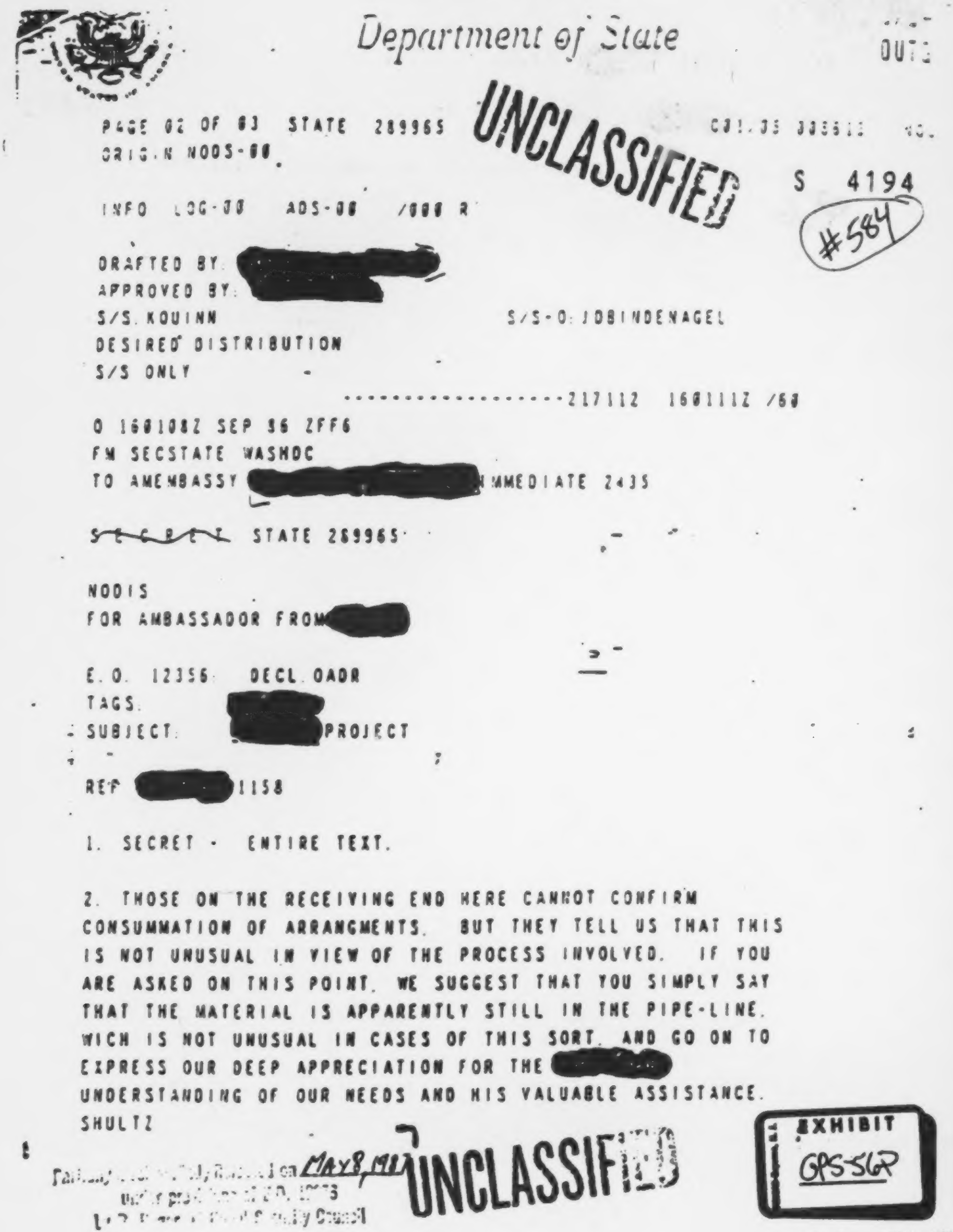
PAGE 03 OF 03 [redacted] 01158 150854Z C01/04 007543 NO

WITH THE [redacted] IS SUPPOSED TO ASSURE DO NOT ARISE. S 4193

5. THEREFORE REQUEST CONFIRMATION BY IMMEDIATE TELEGRAM.

[redacted]

Exhibit GPS–56P



Department of State

OUT

PAGE 02 OF 03 STATE 289965

UNCLASSIFIED

ORIGIN NODS-00

S 4194

#584

INFO LOG-00 ADS-00 /000 R

DRAFTED BY: [redacted]
APPROVED BY: [redacted]
S/S: KQUINN S/S-O: JDBINDENAGEL
DESIRED DISTRIBUTION
S/S ONLY

------------------217112 160111Z /60

O 160108Z SEP 86 ZFF6
FM SECSTATE WASHDC
TO AMEMBASSY [redacted] IMMEDIATE 2435

~~SECRET~~ STATE 289965

NODIS
FOR AMBASSADOR FROM [redacted]

E.O. 12356: DECL: OADR
TAGS: [redacted]
SUBJECT: [redacted] PROJECT

REF: [redacted] 1158

1. SECRET - ENTIRE TEXT.

2. THOSE ON THE RECEIVING END HERE CANNOT CONFIRM CONSUMMATION OF ARRANGMENTS. BUT THEY TELL US THAT THIS IS NOT UNUSUAL IN VIEW OF THE PROCESS INVOLVED. IF YOU ARE ASKED ON THIS POINT, WE SUGGEST THAT YOU SIMPLY SAY THAT THE MATERIAL IS APPARENTLY STILL IN THE PIPE-LINE, WICH IS NOT UNUSUAL IN CASES OF THIS SORT, AND GO ON TO EXPRESS OUR DEEP APPRECIATION FOR THE [redacted] UNDERSTANDING OF OUR NEEDS AND HIS VALUABLE ASSISTANCE.
SHULTZ

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under provisions of E.O. 12356
by [illegible] Security Council

UNCLASSIFIED

EXHIBIT
GPS-56P

Department of State

(#585)

UNCLASSIFIED

PAGE 02 OF 02 STATE 29621 C01/01 005466 NOD
ORIGIN NODS-00

INFO LOG-00 ADS-00 /000 R

S 4197

DRAFTED BY: [redacted]
APPROVED BY:
ARA: EABRAMS S/S: KQUINN
S/S-O: RABOUCHER
DESIRED DISTRIBUTION
S/S ONLY

------------------126325 192314Z /61

O 192313Z SEP 86 ZFF6
FM SECSTATE WASHDC
TO AMEMBASSY [redacted] IMMEDIATE

~~SECRET~~ STATE 296219

~~NODIS~~

FOR THE AMBASSADOR FROM ASST. SEC. [redacted]

E.O. 12356: OADR
TAGS: [redacted]
SUBJECT: PROJECT

1. S ENTIRE TEXT.

2 THE TRANSFER HAD NOT BEEN EFFECTED AS OF THE EVENING OF 9/18. WE SUGGEST YOU FIND AN EARLY OPPORTUNITY TO SO INFORM THE [redacted] AND ASK HIM TO HAVE THE BANK HE USED OR ITS CORRESPONDENT BANK TRACE THE FUNDS. INTERMEDIARY BANKS MAY WISH TO CHECK WITH MR. JACOB STEGER OF CREDIT SUISSE IN GENEVA. THE ULTIMATE RECEPIENT BANK TO ASK HIS HELP IN TRACING THE FUNDS. SHULTZ

[illegible] on MAY 8, 1987
[illegible] E.O. 12356
[illegible]

#546

PAGE 02 OF 02 [redacted] 01195 230842Z   C01/04 005437

ACTION NODS-00

S 4198

INFO LOG-00 ADS-00 /000 W

------------------260125 230842Z /10

O 230710Z SEP 86 ZFF-4
FM AMEMBASSY [redacted]
TO SECSTATE WASHDC IMMEDIATE 1925

S E C R E T [redacted] 1195

NODIS

[redacted]

E.O. 12356: OADS
TAGS: [redacted]
SUBJECT: [redacted] PROJECT

REF: STATE 296219

1. ~~SECRET~~ ENTIRE TEXT

2. PLEASE PASS FOLLOWING TO ASSISTANT SECRETARY [redacted]

3. [redacted] IS SURPRISED AT NON-RECEIPT. HE SAID HE UNDERSTOOD PROCEDURE AND IDENTITY OF ULTIMATE RECIPIENT BANK. HE WILL RUN TRACERS TOMORROW, SEPTEMBER 24, AND HOPES TO HAVE THIS MATTER QUICKLY RESOLVED.

[redacted]

Partially Declassified/Released on May 8, 1987
under provisions of E.O. 12356
by B. Reger, National Security Council

UNCLASSIFIED

NODIS

NODIS

EXHIBIT GPS-56Q

Department of State

UNCLASSIFIED

INCO

PAGE 02 OF 03 [redacted] 01165 161135Z C01/04 008974 NOD

ACTION NODS-00

S 4195

INFO LOG-00 ADS-00 /000 W

------------------244037 161140Z /46/10

O 150750Z SEP 86 ZFF-4
FM AMEMBASSY [redacted]
TO SECSTATE WASHDC IMMEDIATE 1983

#881

~~S E C R E~~ T [redacted] 1165

NODIS

[redacted]

CORRECTED COPY - TEXT

E.O. 12356: OADS
TAGS: [redacted]
SUBJECT: [redacted] PROJECT

REF: (A) STATE 289965. (B) [redacted] 1158

1. SECRET ENTIRE TEXT

2. PLEASE PASS TO ASSISTANT SECRETARY [redacted]

3. MANY THANKS FOR YOUR TIMELY RESPONSE. I WAS RECEIVED BY THE [redacted] TODAY. NO ONE ELSE WAS PRESENT. I DELIVERED MESSAGE FROM SECRETARY AND CONFIRMED THE EXACT MAGNITUDE OF PROJECT.

4. THE [redacted] WAS CORDIAL AND SEEMED PLEASED THAT THIS RELATIONSHIP HAS BEEN ESTABLISHED. I SAID THAT WE DEEPLY APPRECIATE HIS UNDERSTANDING OF OUR NEEDS AND HIS VALUABLE ASSISTANCE. I WAS PLEASED THAT HE WOULD HAVE AN OPPORTUNITY THIS WEEK TO SEE SOMETHING OF OUR COMMITMENT TO THE SECURITY OF HIS REGION OF THE WORLD.

EXHIBIT
GPS-56Q

UNCLASSIFIED

Partially Declassified/Released on 19 MAY 1987
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by B. Reger, National Security Council

[redacted]

Department of State

UNCLASSIFIED

INC

PAGE 03 OF 03 [redacted] 01165 161135Z C01/04 008974 NO.

F

AND I THOUGHT HE WOULD ENJOY THE PROGRAM THAT HAD BEEN ARRANGED FOR HIM ABOARD THE AIRCRAFT CARRIER USS [redacted] THE [redacted] SAID HE WAS VERY MUCH LOOKING FORWARD TO THE EXPERIENCE. S 4196

[redacted]

UNCLASSIFIED

Exhibit GPS-56R

Department of State

UNCLASSIFIED

(#567)

PAGE 02 OF 03 [redacted] 01212 250533Z   C01.02 008720

ACTION NODS-00   S 4199

INFO LOG-00 ADS-00 /000 W

------------------110133 250609Z /10

O 260333Z SEP 86 ZFF-4

FM AMEMBASSY [redacted]

TO SECSTATE WASHDC IMMEDIATE 1934

~~S E C R E T~~ [redacted] 1212

[redacted]

[redacted]

E.O. 12356: OADS

TAGS: [redacted]

SUBJECT: [redacted] PROJECT

REF: A) [redacted] 1195, B) STATE 296219

OM ~~SECRET~~ ENTIRE TEXT

2. PLEASE PASS FOLLOWING TO ASSISTANT SECRETARY [redacted]

3. FOLLOWING [redacted] AUDIENCE WITH [redacted] TOOK ME ASIDE TO SAY THAT HE HAD INFORMED [redacted] THAT TRANSFER NOT YET EFFECTED, SPECIFICALLY MENTIONING MR. JACOB STEGER OF CREDIT UISSE IN GENEVA. HE SAID THE [redacted] HAD RESPONDED THAT HE HAD PERSONALLY HANDLED THE TRANSFER THAT THE [redacted] WERE QUITE CLEAR, AS WAS THE ULTIMATE RECIPIENT BANK. THE [redacted] ADDED THAT BECAUSE OF THE PROCEDURES THAT HAD BEEN USED WE MIGHT HAVE TO WAIT FOR A SHORT WHILE MORE BEFORE THE TRANSACTION IS COMPLETED.

EXHIBIT
GPS-56R

4. [redacted]

Partially Declassified/Released on May 8, [illegible]
under provisions of E.O. 12356
by [illegible] National Security Council

UNCLASSIFIED

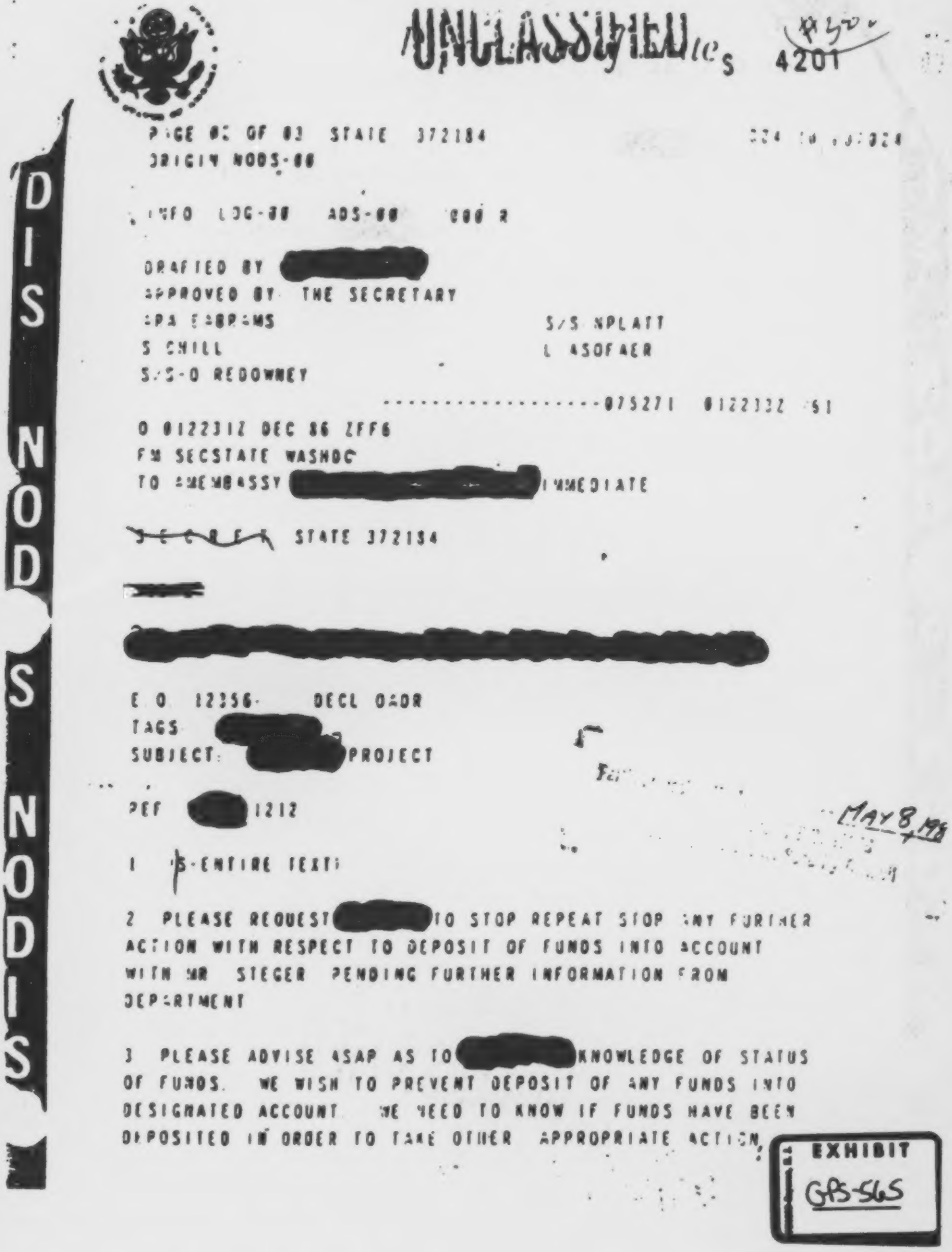
PAGE 03 OF 03 [redacted] 01212 260603Z COL.38 008748

S 4200

AND I DON'T THINK THERE IS ANY CAUSE FOR CONCERN I AM SURE THAT [redacted] WILL NOT DARE RAISE THIS MATTER AGAIN WITH THE [redacted] FOR THE NEXT FEW DAYS. BY THEN THE MATTER SHOULD HAVE RESOLVED ITSELF.

5. WITH [redacted]S DEPARTURE I AM LEAVING LATER TODAY ON MY OFT POSTPONED R&R IN [redacted] IN THE EVENT THIS MATTER SHOULD NOT BE RESOLVED AFTER A DECENT INTERVAL AND THERE IS NEED FOR A FURTHER EXCHANGE OF MESSAGES. [redacted] IS AWARE THAT [redacted] WHO WILL BE IN CHARGE DURING MY ABSENCE IS FULLY BRIEFED ON THE TECHNICAL ASPECTS (ALTHOUGH NOT ON THE PROJECT ITSELF) AND THAT [redacted] CAN DEAL WITH HIM, IF NECESSARY, IN EXACTLY THE SAME MANNER AS WITH ME. [redacted]

Exhibit GPS-56S



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PAGE 01 OF 03 STATE 372184
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APPROVED BY THE SECRETARY
ARA:EABRAMS S/S:NPLATT
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TO AMEMBASSY [redacted] IMMEDIATE

~~SECRET~~ STATE 372184

[redacted]

[redacted]

E.O. 12356: DECL: OADR
TAGS: [redacted]
SUBJECT: [redacted] PROJECT

REF: [redacted] 1212

MAY 8, 198

1. (S-ENTIRE TEXT)

2. PLEASE REQUEST [redacted] TO STOP REPEAT STOP ANY FURTHER ACTION WITH RESPECT TO DEPOSIT OF FUNDS INTO ACCOUNT WITH MR. STEGER PENDING FURTHER INFORMATION FROM DEPARTMENT.

3. PLEASE ADVISE ASAP AS TO [redacted] KNOWLEDGE OF STATUS OF FUNDS. WE WISH TO PREVENT DEPOSIT OF ANY FUNDS INTO DESIGNATED ACCOUNT. WE NEED TO KNOW IF FUNDS HAVE BEEN DEPOSITED IN ORDER TO TAKE OTHER APPROPRIATE ACTION.

EXHIBIT
GPS-56S

UNCLASSIFIED

PAGE 03 OF 03 STATE 372184 [illegible] S32142

DIS NODIS NODIS

4 ADVISE [redacted] THAT WE WILL BE IN TOUCH SOON AS TO FURTHER ACTION WITH RESPECT TO HIS GENEROUS OFFER

5 IF ASKED YOU MAY INFORM THE [redacted] THAT WE CONSIDER THE ACCOUNT IN QUESTION TO BE AN INAPPROPRIATE CHANNEL IN LIGHT OF RECENT EVENTS SHULTZ

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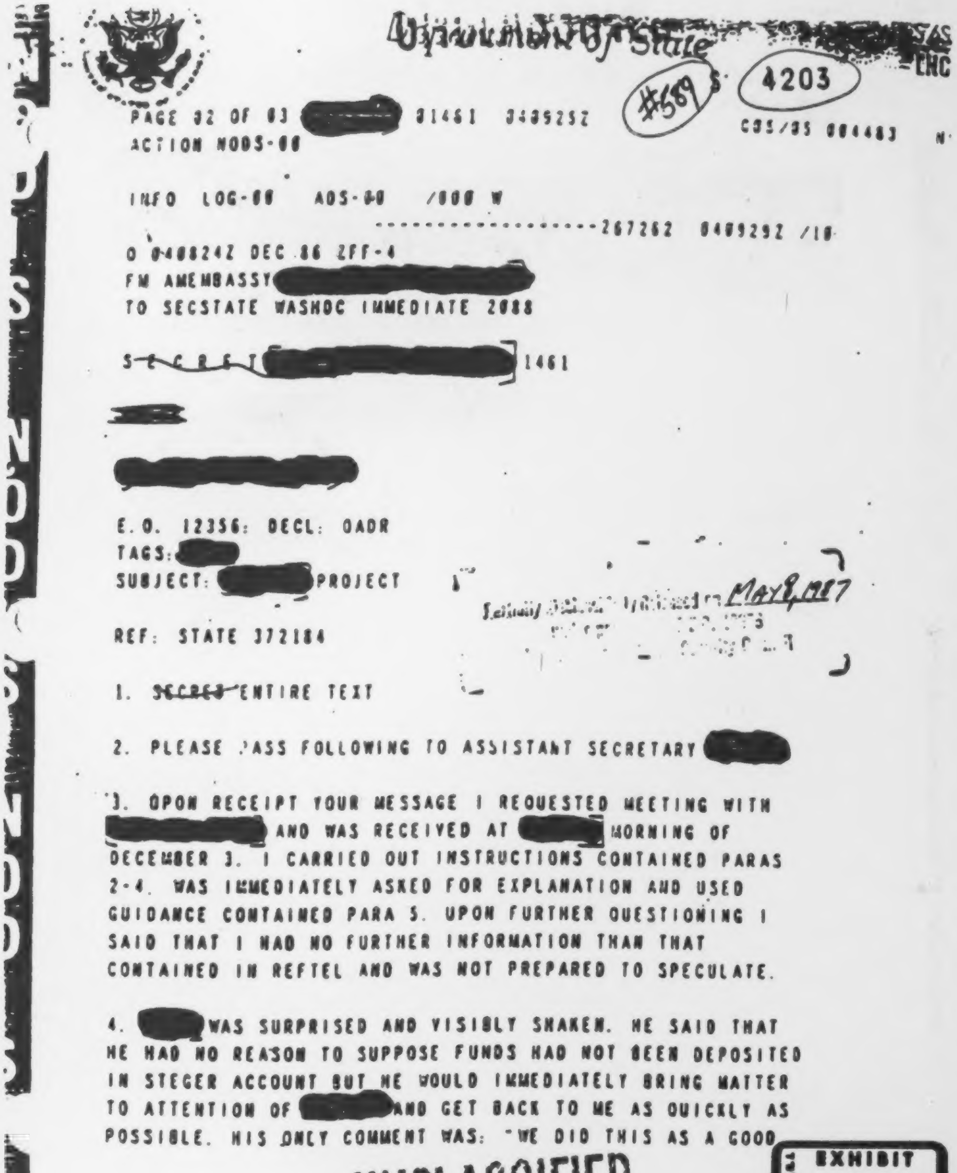
Exhibit GPS-56T



Department of State

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PAGE 02 OF 03 [redacted] 01461 040525Z C05/05 004483

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FM AMEMBASSY [redacted]

TO SECSTATE WASHDC IMMEDIATE 2088

~~S E C R E T~~ [redacted] 1461

[redacted]

[redacted]

E.O. 12356: DECL: OADR

TAGS: [redacted]

SUBJECT: [redacted] PROJECT

REF: STATE 372184

[illegible] MAY 8, 1987

1. ~~SECRET~~ ENTIRE TEXT

2. PLEASE PASS FOLLOWING TO ASSISTANT SECRETARY [redacted]

3. UPON RECEIPT YOUR MESSAGE I REQUESTED MEETING WITH [redacted] AND WAS RECEIVED AT [redacted] MORNING OF DECEMBER 3. I CARRIED OUT INSTRUCTIONS CONTAINED PARAS 2-4. WAS IMMEDIATELY ASKED FOR EXPLANATION AND USED GUIDANCE CONTAINED PARA 5. UPON FURTHER QUESTIONING I SAID THAT I HAD NO FURTHER INFORMATION THAN THAT CONTAINED IN REFTEL AND WAS NOT PREPARED TO SPECULATE.

4. [redacted] WAS SURPRISED AND VISIBLY SHAKEN. HE SAID THAT HE HAD NO REASON TO SUPPOSE FUNDS HAD NOT BEEN DEPOSITED IN STEGER ACCOUNT BUT HE WOULD IMMEDIATELY BRING MATTER TO ATTENTION OF [redacted] AND GET BACK TO ME AS QUICKLY AS POSSIBLE. HIS ONLY COMMENT WAS: "WE DID THIS AS A GOOD

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EXHIBIT
GPS-56T

S 4204

FAITH GESTURE TO A FRIEND. LET US HOPE THAT AS A RESULT [redacted] DOES NOT BECOME PART OF A PUBLIC SCANDAL".

5. THE NEXT DAY, DECEMBER 4, I WAS ASKED TO CALL [redacted] STATED THAT IN RESPONSE TO [redacted] INQUIRY DOLLARS TEN MILLION HAD BEEN TRANSFERRED ON AUGUST 19, 1986, TO MR JACOB STEGER, CREDIT SUISSE, GENEVA, AS INSTRUCTED. THE TRANSFER HAVING BEEN MADE, THESE FUNDS COULD NOT BE WITHDRAWAN EXCEPT ON THE ORDERS OF THE RECIPIENT. [redacted] SAID THAT [redacted]S KNOWLEDGE WAS LIMITED TO EXECUTING THE TRANSFER ORDER. HE ALSO SAID THAT HE HAD NOTHING MORE TO SAY BUT TO REPEAT WHAT HE HAD SAID THE DAY BEFORE. THIS GOOD FAITH GESTURE BY [redacted] HAD BEEN BASED ON AN UNDERSTANDING OF CONFIDENTIALITY. IT WOULD BE MOST UNFORTUNATE IF THIS UNDERSTANDING WAS NOT OBSERVED.

[redacted]

EXHIBIT GPS-56U

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Acct #: [368 430-22-1]
Credit Suisse Bank
Eaux Vives Branch
Geneva, Switzerland
Attn. Mr. Jacob Steger
TELEX 22805
Answerback: CSGI CH

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EXHIBIT
GPS-56U

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EXHIBIT GPS-57A

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CIA FOR [redacted]
DEPARTMENT OF STATE FOR ASSISTANT SECRETARY ABRAMS
WHITE HOUSE FOR COL. OLIVER NORTH

F

JAY- FM wants you to see. You also wanted to have this. File.

CYS. TO AMB. M___
DEPT [illegible] STATE
CIS/FILE
27 MAR 86 20 36z
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CA

"Pepo" Chamorro is alleged [redacted] to be involved in drug trafficking.

NIC
CA

SUBJECT: PASTORA/SINGLAUB AGREEMENT

1. ON SUNDAY, 23 MARCH 86, GEN. JOHN SINGLAUB AND PARTY ARRIVED [redacted] AT REQUEST OF SEN. JESSIE HELMS TO ASSESS THE SITUATION OF [redacted] PASTORA AND HIS TROOPS. ON 24 MARCH THE SINGLAUB PARTY CROSSED THE NICARAGUAN BORDER AND VISITED A PASTORA CAMP [redacted] CAMP CONTAINED MAXIMUM OF 250 MEN UNDER COMMAND OF ADOLFO "POPO" CHAMORRO.

2. LATE 25 MARCH, SINGLAUB PARTY [redacted] GEN. SINGLAUB CALLED AMBASSADOR [redacted] AND ARRANGED FOR MEETING AT EMBASSY 30 HOURS LOCAL, 26 MARCH.

3. MEETING ON 26 MARCH CONSISTED OF BRIEFING OF SINGLAUB BY AMBASSADOR [redacted] ON PASTORA'S HISTORY AS SPOILER. IT WAS AGREED THAT IF SINGLAUB COULD OBTAIN PASTORA'S WRITTEN AGREEMENT TO MEET CERTAIN CONDITIONS, PASTORA SHOULD RECEIVE SUPPLIES VIA UNO.

4. LATE 26 MARCH, SINGLAUB AND PASTORA SIGNED FOLLOWING AGREEMENT:

DATE: MARCH 26, 1986

THIS MEMO IS TO ACKNOWLEDGE THE AGREEMENT MADE THIS DAY BETWEEN MAJ. GEN. JOHN K. SINGLAUB, USA (RET) AND COMMANDER EDEN PASTORA.

THE AGREEMENT IS AS FOLLOWS:

THE UNITED STATE WILL PROVIDE:

1. BOOTS
2. FOOD
3. AMMUNITION
4. MEDICINE
5. MAPS
6. ENCRYPTED COMMUNICATIONS SYSTEMS
7. MILITARY NEEDS FOR PASTORA'S TROOPS INCLUDING NEW MEN WHO JOIN HIS ARMY.
8. TRAINING ADVISORS

EXHIBIT
GPS-57A

Partially Declassified/Released on 7 May [illegible]
under provisions of E.O. 12356
by [illegible] Reger, National Security Council

UNCLASSIFIED

(388)

1. PA[illegible] WILL LEA[illegible] [illegible]N HIS [illegible] [redacted] [illegible]
UN [redacted] PA[illegible] WILL LEA[illegible] S 4505
HIS [illegible] [redacted] INSIDE NICARAGUA.
2. PASTORA WILLINGLY WILL ACT IN A COOPERATIVE AND GOOD FAITH MANNER WITH THE OTHER ELEMENTS OF THE NICARAGUA RESISTANCE.
3. PASTORA WILLINGLY WILL ACT IN A COOPERATIVE AND GOOD FAITH MANNER WITH THE ADVISORS SENT TO TRAIN HIS MEN IN THE FOLLOWING SKILLS:

A. COMMUNICATIONS
B. INDIRECT FIRE TECHNIQUES
C. DEMOLITIONS, EXPLOSIVES
D. LOGISTICS
E. RANGER TRAINING

4. PASTORA AGREES TO TRAVEL TO EUROPE, SOUTH AMERICA, AND OTHER CENTRAL AMERICAN COUNTRIES TO EXPLAIN THE TRUE NATURE OF THE MARXIST LENINIST SANDINISTA GOVERNMENT. THESE TRIPS WILL BEGIN TO TAKE PLACE AFTER HE HAS MOVED HIS TROOPS AND RESTORED HIS ARMY INTO A STRONG FIGHTING FORCE.

SIGNED: JOHN E. SINCLAIR

SIGNED: EDEN PASTORA"

5. AMBASSADOR'S COMMENT: IN SPITE OF WRITTEN AGREEMENT, WE HAVE RESERVATIONS THAT PASTORA WILL COMPLY. HOWEVER, SINCE SINCLAIR IS [illegible] OF SENATOR HELMS AND WILL REPORT TO HELMS HIS OBSERVATIONS (AND THUS OUR RESERVATIONS) UPON RETURN TO WASHINGTON, HELMS MAY RE-EVALUATE HIS POSITION REGARDING PASTORA. SINCLAIR, AND HIS COLLEAGUE BARBARA F. STUDLEY, ASSURED AMBASSADOR THAT PASTORA AGREED THAT ALL SUPPLIES/EQUIPMENT/TRAINING WILL BE DELIVERED/PROVIDED VIA UNO. NOTHING WILL BE DELIVERED UNTIL PASTORA'S MEN ARE MOVED INSIDE NICARAGUA.

6. SINCLAIR PARTY LEFT 27 MARCH FOR [redacted] AND WILL DEPART [redacted] 29 MARCH FOR [redacted] WHERE HE PLANS TO REMAIN UNTIL 3 APRIL. DECL OADR
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EXHIBIT GPS-57B

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PAGE 02 OF 04 STATE 098355 C03/05 002798 N
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APPROVED BY: ARA:EABRAMS
ARA:WGWALKER S/S:MMBOYA
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TO AMEMBASSY SAN JOSE IMMEDIATE

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SPECIAL ENCRYPTION: TREAT AS SPECIAL CAPTION

E.O. 12356: DECL: OADR
TAGS: PGOV MASS CS
SUBJECT: PASTORA-SINGLAUB AGREEMENT

EYES ONLY FOR AMB. TAMBS FROM ASSISTANT SECRETARY ABRAMS

REF [redacted] SAN JOSE 144

1029

1. S - ENTIRE TEXT.

2. I WAS ASTOUNDED BY THE [redacted] REPORT OF THE AGREEMENT CONCLUDED BETWEEN GENERAL SINGLAUB AND EDEN PASTORA. I FAIL TO UNDERSTAND HOW YOU AND THE [redacted] COULD ASSOCIATE YOURSELVES WITH AN AGREEMENT WHICH PURPORTS TO COMMIT THE UNITED STATES TO PROVIDE MILITARY MATERIEL, [redacted] AND ADVISORS IN EXCHANGE FOR A SERIES OF UNDERTAKINGS ON PASTORA'S PART.

3. GENERAL SINGLAUB IS NOT IN A POSITION TO COMMIT THE

EXHIBIT
GPS-57B

Partially Declassified/Released on 26 MAY 87
under provisions of E.O. 12356
by B. Reger, National Security Council

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Department of State

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U.S. GOVERNMENT TO PROVIDE SUPPORT FOR PASTORA. SUCH A DECISION, WERE IT TO BE MADE, WOULD COME FROM DULY AUTHORIZED OFFICIALS IN WASHINGTON. YOUR ASSOCIATION WITH THIS INITIATIVE GIVES THIS DOCUMENT AN UNWARRANTED STAMP OF OFFICIAL APPROVAL. YOUR ACTIONS ARE LIKELY TO COMPLICATE CONTINUING EFFORTS TO BUILD RELATIONSHIPS OF CONFIDENCE AMONG OPPOSITION GROUPS AND TO INTRODUCE CONFUSION DURING THE FINAL STAGE OF THE CONGRESSIONAL DEBATE ON ASSISTANCE TO THE NICARAGUAN DEMOCRATIC RESISTANCE.

4. GIVEN THE SENSITIVITIES ASSOCIATED WITH EFFORTS TO ACHIEVE A UNITY OF PURPOSE AMONG THE SEVERAL RESISTANCE GROUPS AND GENERAL SINGLAUB'S LACK OF STATUS AS AN AUTHORIZED REPRESENTATIVE OF THE EXECUTIVE BRANCH, YOU SHOULD HAVE CHECKED WITH ME BEFORE PROCEEDING.

5. THE ACTING SECRETARY CALLED ME TO HIS OFFICE ON SATURDAY MORNING, MARCH 29, TO EXPRESS HIS DEEP CONCERN WITH YOUR INVOLVEMENT IN THIS EPISODE. FRANKLY, I WAS AT A LOSS TO EXPLAIN YOUR ACTIONS. THE ACTING SECRETARY CORRECTLY POINTED OUT THAT, AT THE VERY LEAST, THEY POSED SERIOUS QUESTIONS OF PROPRIETY. THEY MIGHT ALSO RAISE LEGAL QUESTIONS. TO BE IN A POSITION TO RESPOND TO THESE QUESTIONS WE NEED IMMEDIATE ANSWERS TO THE FOLLOWING

-- HOW WAS THE MEETING BETWEEN GENERAL SINGLAUB AND EDEN PASTORA ARRANGED?

-- WHAT WAS THE NATURE AND EXTENT OF THE EMBASSY'S AND YOUR PERSONAL INVOLVEMENT IN THESE ARRANGEMENTS?

-- WHAT U.S. GOVERNMENT FACILITIES OR SERVICES, IF ANY, WERE MADE AVAILABLE TO EITHER GENERAL SINGLAUB OR EDEN PASTORA OR THEIR RESPECTIVE REPRESENTATIVES. IN THE

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Department of State

S 4856 OUT:

PAGE 04 OF 04 STATE 098355 C03/05 002798 NO.
EXECUTION OF THIS AGREEMENT?

-- WERE ANY OTHER U.S. GOVERNMENT EMPLOYEES INVOLVED IN MAKING ARRANGEMENTS, OR OTHERWISE ASSOCIATED, WITH THIS INITIATIVE? IF SO, PLEASE PROVIDE THE NAMES OF THOSE INDIVIDUALS, SPECIFICS OF THEIR INVOLVEMENT, AND THE NAME OF THE INDIVIDUAL OR INDIVIDUALS AUTHORIZING THESE ACTIONS.

-- TO A REASONABLE OBSERVER, WHAT IMPRESSIONS WOULD HAVE BEEN CONVEYED BY YOUR AND THE EMBASSY'S ASSOCIATION WITH THIS INITIATIVE? WHITEHEAD

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EXHIBIT GPS-57C

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PAGE 01 OF 04 SAN JO 02882 311948Z C05/05 003432 NOD

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SENSITIVE

THE ATTACHED DOCUMENT MAY BE SEEN ONLY BY THE ADDRESSEE AND IF NOT EXPRESSLY PRECLUDED BY THOSE OFFICIALS UNDER HIS AUTHORITY WHOM HE CONSIDERS TO HAVE A CLEAR-CUT "NEED TO KNOW." IT MAY NOT BE REPRODUCED GIVEN ADDITIONAL DISTRIBUTION OR DISCUSSED WITH RECIPIENTS WITHOUT PRIOR APPROVAL OF THE EXECUTIVE SECRETARIAT.

ADDRESSEES OUTSIDE THE DEPARTMENT OF STATE SHOULD HANDLE THE DOCUMENT IN ACCORDANCE WITH THE ABOVE INSTRUCTIONS AND WITH CURRENT DEPARTMENT OF STATE INSTRUCTIONS ON NODIS.

WHEN THIS DOCUMENT IS NO LONGER NEEDED THE RECIPIENT IS RESPONSIBLE FOR SUPERVISING ITS DESTRUCTION AND FOR MAILING A RECORD OF THAT DESTRUCTION TO THE DIRECTOR S/S-I ROOM 7241 TEL 632-2976

EXECUTIVE SECRETARY
DEPARTMENT OF STATE

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#139

6 May 1987

EXHIBIT
GPS-57C

Department of State

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PAGE 02 OF 04 SAN JO 02862 311948Z 085/05 003422 NOD
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EYES ONLY FOR ASSISTANT SECRETARY ABRAMS FROM AMBASSADOR

[redacted]

E.O. 12356 DECL OADR
TAGS: PGOV MASS CR
SUBJECT PASTORA-SINGLAUB AGREEMENT

REF STATE 98355

1. ~~S~~ - ENTIRE TEXT

2 [redacted] NOR MYSELF WERE ASSOCIATED WITH ANY AGREEMENT BETWEEN GENERAL SINGLAUB AND EDEN PASTORA. WE MERELY TRANSMITTED A COPY OF THE PRIVATE ACCORD BETWEEN SINGLAUB AND BARBARA F. STUDLEY, AS INDIVIDUALS, FOR YOUR INFORMATION WHICH SINGLAUB TOOK UPON HIMSELF TO OBTAIN FROM EDEN PASTORA. ALL [redacted] I DID ON WEDNESDAY MORNING 26 MAR 86 WAS TO LISTEN TO HIS REPORT, COUNTER SOME OF SINGLAUB'S GROSS MISCONCEPTIONS ABOUT PASTORA'S CAPABILITIES AND ENCOURAGE UNITY AMONG ALL FACTIONS OF NICARAGUAN RESISTANCE. SINGLAUB WAS SPECIFICALLY URGED TO ENCOURAGE PASTORA TO INCORPORATE HIS

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6 May 1987

Department of State

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03 OF 04 SAN JO 02862 311948Z 285/05 003422 NOD733

REMAINING FORCE WITH UNO. CONVERSELY [redacted] SINGLAUB. SINCE HE ALREADY HAD AN APPOINTMENT WITH PASTORA, SAID HE WOULD SEEK TO OBTAIN, ON HIS OWN INDIVIDUAL INITIATIVE, A PRIVATE AGREEMENT FROM PASTORA WHEREBY PASTORA WOULD AGREE TO MEET UNO REPEAT UNO CONDITIONS FOR RECEIPT OF SUPPLIES. [redacted] NOR I COMMENTED ON HIS INTENDED EFFORT WEDNESDAY EVENING 26 MAR 86. SINGLAUB WAS CAREFUL TO POINT OUT THAT "UNITED STATES" AS CITED IN OPENING PARAGRAPH OF LETTER SPECIFICALLY DID NOT MEAN UNITED STATES GOVERNMENT -- BUT MEANT HIM AND HIS SUPPORTERS. MOREOVER, HE TOLD ME HE AGAIN URGED) PASTORA AND EDEN AGREED TO WORK THRU UNO.

S 4020

3. MEETING BETWEEN GENERAL SINGLAUB AND EDEN PASTORA WAS APPARENTLY ARRANGED IN U.S. [redacted] MISSION HAD NO PREVIOUS KNOWLEDGE OF HIS TRIP BUT ONLY FOUND OUT BY CHANCE MONDAY 24 MARCH BY CHATTING WITH ANOTHER PASSENGER ON THE FLIGHT WHO ADVISED US OF SINGLAUB'S PRESENCE IN COSTA RICA.

4. NEITHER MISSION NOR I HAD ANY INVOLVEMENT WHATSOEVER IN THESE ARRANGEMENTS. NO U.S. GOVERNMENT FACILITIES OR SERVICES WERE PROVIDED. ALL DISCUSSIONS WERE EXCLUSIVELY BETWEEN GENERAL SINGLAUB AND EDEN PASTORA WITHOUT ANY REPRESENTATION FROM THIS EMBASSY. THERE WERE NO OTHER U.S. GOVERNMENT EMPLOYEES INVOLVED IN THESE ARRANGEMENTS. NEITHER WERE THEY

ASSOCIATED WITH THIS INITIATIVE. SINGLAUB ORDERED AT LEAST THREE TIMES BY US NOT TO

Department of State

INCOMING

PAGE 04 OF 04 SAN JO 02862 311948Z C05/05 003422 NOD783

MENTION MISSION IN ANY CONVERSATIONS WITH PASTORA AND THAT WE WERE NOT REPEAT NOT PARTY TO ANY ARRANGEMENT.

S 4021

5. TO ANY REASONABLE OBSERVER IT WOULD APPEAR THAT SINCE GENERAL SINGLAUB ACTING AS A PRIVATE INDIVIDUAL REQUESTED AN INTERVIEW WITH ME AND SINCE WE WISHED TO FIND OUT WHAT WAS GOING ON, THIS WAS ENTIRELY NORMAL GIVEN HIS INVOLVEMENT WITH A NUMBER OF NICARAGUAN RESISTANCE INSTRUMALITIES.

6. ONCE AGAIN I REPEAT THAT ALL ARRANGEMENTS WERE BETWEEN SINGLAUB AND PASTORA AS PRIVATE INDIVIDUALS AND THAT THE TEXT OF THE SINGLAUB-PASTORA OFFER WAS PASSED TO WASHINGTON FOR INFORMATION ONLY AND WAS NOT INTENDED TO IMPLY ANY USG INVOLEMENT OR APPROVAL TAMBS

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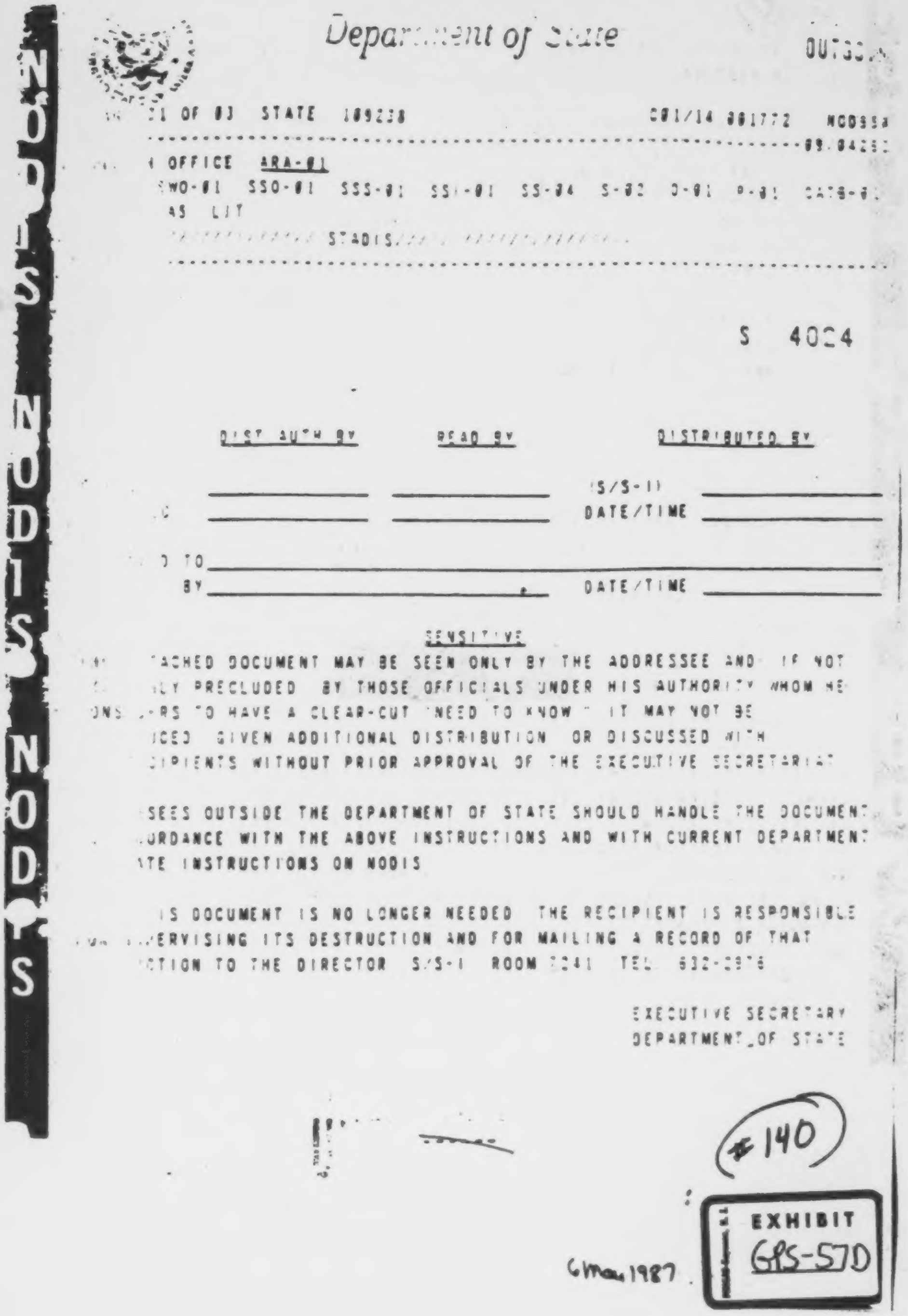

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EXECUTIVE SECRETARY
DEPARTMENT OF STATE

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EXHIBIT
GPS-57D

6 May 1987

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Department of State

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'ASSADOR TAMBS FROM THE SECRETARY

356 DECL OADR
. . PGOV MASS CR
T PASTORA-SINGLAUB AGREEMENT

A. STATE 88355 B [redacted]

~~SECRET~~ ENTIRE TEXT

1. AT MY REQUEST THE LEGAL ADVISOR HAS REVIEWED THE LEGAL ISSUES RAISED BY THE "AGREEMENT" NEGOTIATED BY GENERAL SINGLAUB WITH EDEN PASTORA BASED ON HIS REVIEW THE LEGAL ADVISOR CONCLUDES THAT IT IS IMPOSSIBLE TO RULE OUT THE POSSIBILITY THAT YOUR DISCLAIMERS OF USG INVOLVEMENT NOTWITHSTANDING PASTORA MIGHT ATTEMPT TO USE THE SINGLAUB AGREEMENT TO PRESSURE OR EMBARRASS THE USG YOU ARE THEREFORE INSTRUCTED TO INFORM PASTORA THAT SINGLAUB IS NOT AUTHORIZED TO NEGOTIATE ON BEHALF OF THE UNITED

6 Mar 1987

Department of State [illegible]

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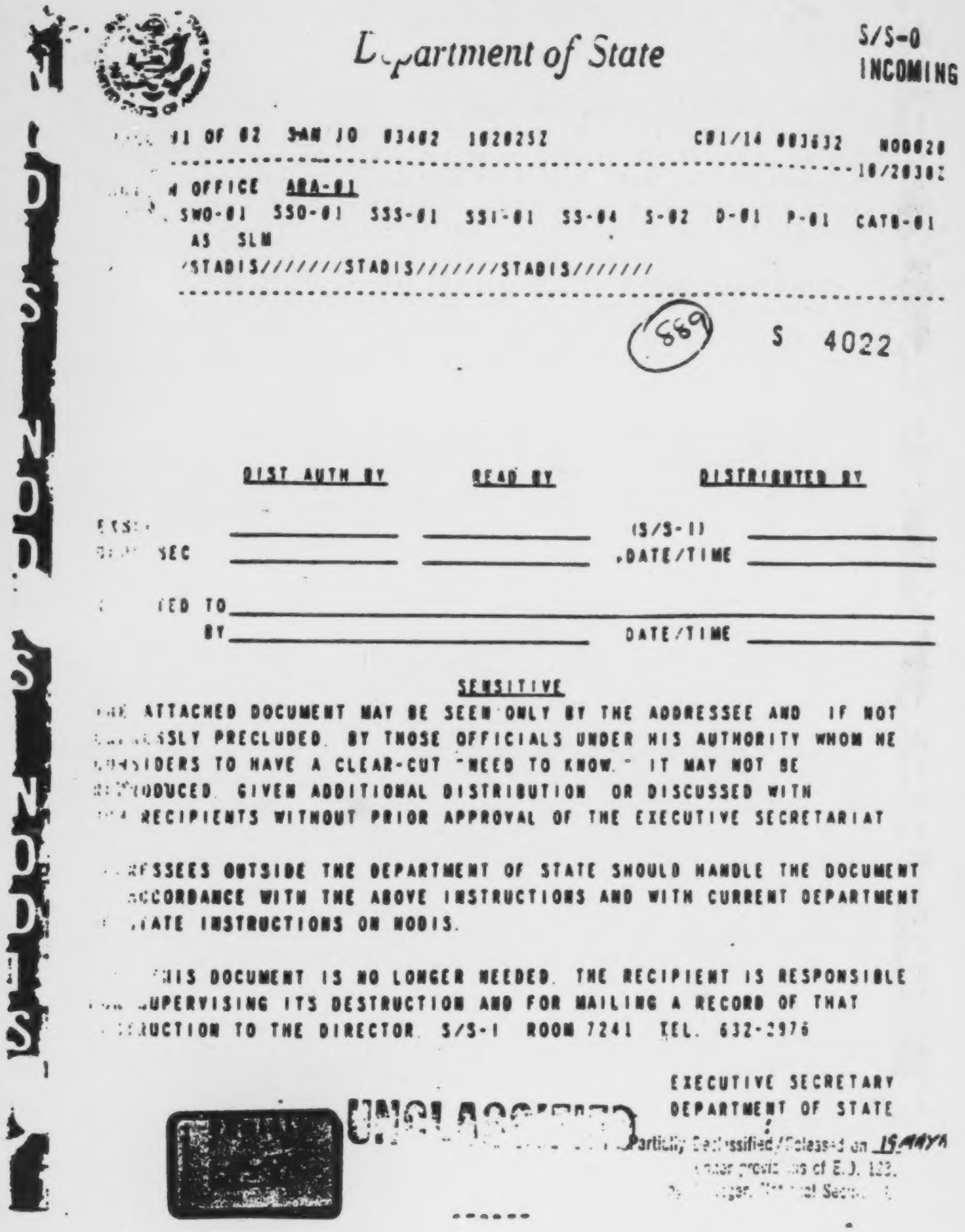
PAGE 03 OF 03 STATE 109238 C01/14 001[illegible] NOD938

STATES THAT THE USG DOES NOT CONSIDER ITSELF BOUND BY SINGLAUB'S AGREEMENT AND THAT USG POLICY REMAINS AS STATED TO PASTORA ON MARCH 7 BY ME AND ASSISTANT SECRETARY ABRAMS WORKING THROUGH THE PROPER CHANNELS WE WANT TO REACH AGREEMENT WITH ALL ELEMENTS OF THE DEMOCRATIC RESISTANCE INCLUDING PASTORA WHO ARE PLEDGED TO DEMOCRATIC PRINCIPLES WHO ARE FREE OF CRIMINALITY AND ADHERE TO INTERNATIONAL HUMAN RIGHTS STANDARDS AND WHO ARE WILLING TO COOPERATE WITH OTHER LIKE-MINDED GROUPS AND INDIVIDUALS TO ACHIEVE A DEMOCRATIC OUTCOME IN NICARAGUA POINT OUT THAT WE NEED TO GET THE FUNDS BEFORE CONCLUDING AGREEMENTS AS TO THEIR DISTRIBUTION

S 4026

[illegible] PLEASE REPORT WHEN THIS HAS BEEN DONE TOGETHER WITH PASTORA'S RESPONSE SHULTZ

Exhibit GPS-57E



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BY ______________ DATE/TIME ______________

SENSITIVE

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EXECUTIVE SECRETARY
DEPARTMENT OF STATE

[redacted]

UNCLASSIFIED

Partially Declassified/Released on 15 MAY
under provisions of E.O. 123
by [illegible] National Security [illegible]

Department of State

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FOR ASSISTANT SECRETARY ABRAMS FROM AMBASSADOR

E.O. 12356: DECL. OADR

TAGS: PGOV MASS CR

SUBJECT: PASTORA - SINGLAUB AGREEMENT

REF: STATE 109238

1. SECRET - ENTIRE TEXT.

2. [redacted] HAS REPORTED THAT PASTORA DEPARTED [redacted] ENROUTE TO WASHINGTON WHERE IT IS EXPECTED HE WILL AGAIN BECOME INVOLVED IN EFFORT TO OBTAIN ASSISTANCE FOR ARMED NICARAGUAN DEMOCRATIC RESISTANCE.

TAMBS

UNCLASSIFIED

EXHIBIT GPS-58

THE WHITE HOUSE
WASHINGTON

UN SECRET

N 10575

SECRET April 20, 1984

MEMORANDUM FOR HOWARD TEICHER

FROM: ROBERT C. McFARLANE

Howard, please draw upon the following points in your meeting with [redacted] (without others present).

EXHIBIT
GPS-58

Help With the Contras

-- As we discussed, please reaffirm to [redacted] (as he has already heard from [redacted] that:

#164

RCM-7
12/30/86

SECRET
Declassify on: OADR
5/7/87

UNCLASSIFIED

~~SECRET~~ UNCLASSIFIED

1) We will not press them on the question of assistance to the contras.

2) It is an important matter to us and we face a temporary shortfall in goods.

3) We are, of course, very conscious of the vulnerability it would create for the [redacted].

4) If they should decide that they can help, it ought to be done bilaterally although we would be pleased to provide a point of contact [redacted].

5) Please also let it be known that, in your view, I am a little disappointed in the outcome but we will not raise it further.

Destroy this memo.

~~SECRET~~ UNCLASSIFIED

EXHIBIT GPS-59

N 5518

1 OBJECTIVE

To create a conduit for maintaining a continuous flow of Soviet weapons an technology, to be utilized by the United States in its support of Freedom Fighters i Nicaragua, Afghanistan, Angola, Cambodia, Ethiopia, etc.

2. PROBLEM

With each passing year, Congress has become increasingly unpredictable an uncooperative regarding the President's desire to support the cause of th Freedom Fighters, despite growing Soviet oppression. The funds have not bee forthcoming to supply sufficient arms necessary for the Freedom Fighters to wi Therefor, in leiu of the necessary funding to support this goal, the following 3-Wa Trade is proposed:

3. PROPOSAL

Country A

COUNTRY "A": [redacted]. [redacted] is capable of producing an ongoing supply o

Country A

Soviet-compatible arms. [redacted] is at the same time trying desparately t upgrade their own military forces and equipment. They would like to purchase fro

Country B

[redacted] a wide range of military equipment.

Country B Country A Country B's

COUNTRY "B": [redacted]. [redacted] would like to sell to [redacted], but [redacted] econom is not capable of supporting long-term credit or barter agreements. As such, th United States is the key in the successful 3-Way Trade.

Country B

COUNTRY "C": UNITED STATES. The United States is able to provide [redacted] wit desired High Technology equipment and information. Based on this commodit the Trade would operate as follows:

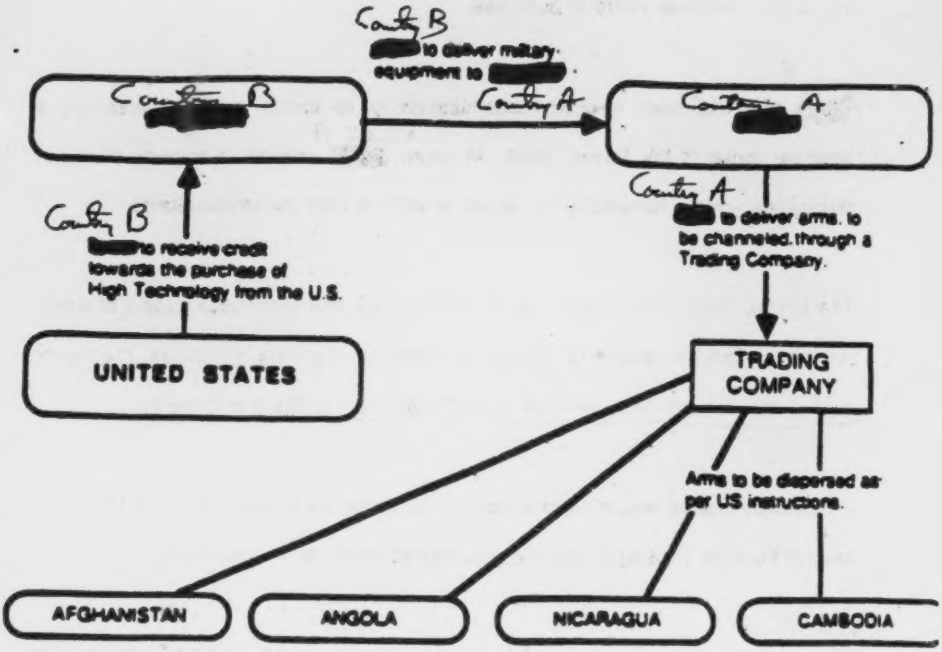
PAPERCLIP TO 2034

Same document also
Exhibit
JKS-6

EXHIBIT
GPS-59

N 5519

3 WAY TRADE


Country B
[redacted] to deliver military.
equipment to [redacted].
Country A
Country B
[redacted]
Country A
[redacted]
Country A
[redacted] to deliver arms. to
be channeled through a
Trading Company.
Country B
[redacted] to receive credit
towards the purchase of
High Technology from the U.S.
UNITED STATES
TRADING COMPANY
Arms to be dispersed as
per US instructions.
AFGHANISTAN
ANGOLA
NICARAGUA
CAMBODIA

4. RESULTS

Country B [redacted] sells equipment, which in many cases are stockpiled at present, to Country B [redacted] In return, Country B [redacted] receives from the United States equipment and technology that it could not otherwise afford to purchase.

Country A [redacted] receives much-needed modernization for its forces, thereby presenting a stronger threat to the Soviet Union. In return, Country A [redacted] exports an ongoing supply of domestically manufactured arms, as per directions from the United States.

The United States then has at its disposal a large and continuous supply of Soviet technology and weapons to channel to Freedom Fighters worldwide, mandating neither the consent or awareness of the Department of State or Congress.

The United States would be in a position to dispense these shipments through a neutral Foreign Trading Company, established solely for this purpose.

Country A [redacted] would only be aware of the fact that it is to ship to the Trading Company such specified goods as requested, comparable in USD value to the equipment received from Country B [redacted]. Country A [redacted] would not be aware of the final destinations of any of the exported arms.

Country B [redacted] would only be aware of the buying power extended by the United States for US technology, again in comparable USD value to the equipment sent to Country A [redacted]

The United States at present holds to a policy of providing assistance to [redacted] a goal which would be forwarded through this transaction. Likewise, the United States is committed to extending financial and technological assistance to the State of [redacted] This too would be accomplished. There are many avenues available regarding the forms of credit which could be extended to Israel.

We have received confirmation from [redacted] and [redacted] that they are most interested in pursuing their role in this trade arrangement. Upon your encouragement and belief that the United States could perform its role, we will proceed with [redacted] and the [redacted] defining their respective roles and the equipment they are willing to trade. This will serve to establish our initial parameters of equipment quantities, and the proportionate amount of credit required.

EXHIBIT GPS-65

UNCLASSIFIED

8/7/86
[illegible]/86

National Security Council
The White House

System # IV N 16798
Package # 40104
DOCLOG [illegible] A/O ____

FEB 26 1987
1020

	SEQUENCE TO	HAS SEEN	DISPOSITION
Bob Pearson			
Grant Green			
Colin Powell			
Paul Thompson			
Frank Carlucci			
Situation Room			
NSC Secretariat			
REGER	1		I

I = Information A = Action R = Retain D = Dispatch N = No further Action

cc: VP Regan Buchanan Other ____

COMMENTS Should be seen by: ____
(Date/Time)

EXHIBIT
GPS-65

Partially Declassified/Released on 9 July 1987
under provisions of E.O. 12356
by B. Reger, National Security Council

2047

	Name and Address	Date	Initials
1	BRENDA REGER	2/26	BSR
2			
3			
4			
5			
6			

	ACTION		FILE
	APPROVAL		INFORMATION
	COMMENT		PREPARE REPLY
	CONCURRENCE		RECOMMENDATION
	DIRECT REPLY		RETURN
	DISPATCH		SIGNATURE

REMARKS:

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N 16799

NSC/ICS CONTROL NO. 40104
(40064 Add-On Atch'd)

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NSC INTELLIGENCE DOCUMENT

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Intelligence Sources and Methods Involved
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Unauthorized Disclosure Subject to Criminal Sanctions

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NATIONAL SECURITY COUNCIL
WASHINGTON D.C. 20506

N 16000

~~SECRET~~

ACTION

August 7, 1986

MEMORANDUM FOR JOHN M. POINDEXTER

FROM: WALTER RAYMOND, JR.

SUBJECT: Central American Public Diplomacy

In response to your PROF note, I have prepared a memorandum for you to send to Bill Casey (Tab I). Peter Dailey had a very good meeting with my Thursday morning group on August 7, and I think he can be very helpful as a adviser to this group. I do not think it is necessary to revise the current structure. As I told you in my earlier PROF note, I think the structure is in place, but it constantly needs to be energized. I do this on a regular basis. But having Peter Dailey available in Washington will be an enormously useful asset during this next year while we implement the $100 million in Contra aid. I would propose to have him meet with the group periodically to critique and review programs and processes, to work closely with Bob Kagan, the Interagency Central American Public Diplomacy coordinator, and to help coordinate private sector activities such as funding that currently cannot be done by either CIA or State.

RECOMMENDATION

That you sign the memorandum at Tab I to Bill Casey.

Approve ________ Disapprove ________

Ollie North, Ray Burghardt, and Vince VC Cannistraro concur.

Attachments

Tab I Memo to Casey
Tab A Public Diplomacy Planning

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THE WHITE HOUSE
WASHINGTON

~~SECRET~~

MEMORANDUM FOR THE HONORABLE WILLIAM J. CASEY
The Director of Central Intelligence

N 16 01

SUBJECT: Central American Public Diplomacy (U)

I have looked into the question of our overall public diplomacy effort concerning Central America. A great deal of hard and effective work is being done. It is clear we would not have won the House vote without the painstaking deliberative effort undertaken by many people in the government and outside. (S)

The departure of Otto Reich has not resulted in any reduction of effort. His public diplomacy coordination office (LPD) has continued. Although the independent office was folded into Elliott Abrams' bureau, the White House has sent a clear tasker to the community that this limited reorganization in no way reflected a dimunition of activities. On the contrary, the same interagency responsibilities are being exercised, and the group reports directly to the NSC. It continues to be one of the few offices in the government that is staffed by a truly interagency team, including representatives from State, USIA, AID, and Defense. The office chief is Bob Kagan, who is a young, bright and effective operator. In reality, the reorganization also means that Elliott Abrams plays a strong public diplomacy role, and in this way we have harnessed one of the best public diplomacy assets that we have in the government. (S)

There is a weekly Central American public diplomacy meeting which takes place in the Old EOB, chaired by Walt Raymond, and which includes not only the four organizations noted above but also the White House Press Office and Public Liaison Office, a representative from CIA's Central American Task Force, and key NSC Staffers. This group takes its policy guidance from the Central American RIG and pursues an energetic political and informational agenda. The group seeks to focus both on domestic public issues as well as the informational battle in Europe and Latin America. It generates requirements for major publication efforts. I will have the NSC Staff send you a package of some of the more recent publications. The group also works closely with the concerned legislative offices to be supportive in terms of the Congres-

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sional debate and in a practical way it deals with a number of on-going daily issues. As an example, issues the group dealt with last week included:

-- Steps to undertake EC support to Nicaragua;

-- Trips of U.S. and/or foreign persons to Nicaragua for the purpose of [redacted] greater foreign awareness of developments in Nicaragua;

N 16122

-- Development of programs to publicize religious repression in Nicaragua;

[redacted]

-- Steps to strengthen the El Salvador public diplomacy effort. (S)

There is a comprehensive public diplomacy action plan for Latin America in Europe, and I am attaching a copy for you. This plan is monitored very actively by the LPD office, and periodic reports of activity are provided to the NSC. (S)

While this group ensures that the issue remains a high priority public diplomacy goal, I share your view that this program can certainly benefit by the professional skill and insight of Peter Dailey, and I am delighted that he is in Washington and available to provide time to help this effort. Peter met with the Thursday morning interagency group on August 7. It provided him an opportunity to hear first hand from the action officers and be briefed on their current programs. The exchange was useful, and Peter has committed himself to meet periodically with this group to help strengthen their effort. Bob Kagan, the interagency coordinator, will seek Dailey's counsel on a regular basis and will bring Elliott Abrams into this process. (S)

Peter underscored that the Nicaraguan issue remains a matter of great urgency and that the next year is critical. We must show progress both in Central America, but also in the eyes of the world community, if we are to sustain and support the democratic forces in Nicaragua. It will be necessary to "frontload" our public diplomacy on this subject so that we can strengthen our international support and change attitudes concerning this program. Certain themes that he recommended at the first meeting will be given serious consideration by the working group. One special area of importance concerns generating private sector support and funding. His assistance in this area would be of greatest importance. (S)

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In summary, the public diplomacy community is hard at work and, I think properly focussed. Peter Dailey's input can be very valuable in energizing this effort, and we certainly intend to take advantage of his presence to strengthen and diversify the thrust of this program. (S)

N 16803

Attachments

Tab A Public Diplomacy Planning

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NATIONAL SECURITY COUNCIL
WASHINGTON, D.C. 20506

F-CENTAM

~~CONFIDENTIAL~~

June 16, 1986

MEMORANDUM FOR NICHOLAS PLATT
Executive Secretary
Department of State

N 16804

JAMES F. LEMON
Executive Secretary
Department of Defense

RICHARD MEYER
Executive Secretary
Agency for International Development

RONALD J. POST
Acting Chief of the Executive Secretariat
U.S. Information Agency

SUBJECT: Public Diplomacy Plan for Central America (U)

The NSC Staff approves the Public Diplomacy Plan submitted by the Department of State on this subject. We note that there has been considerable progress in the realization of our public diplomacy goals concerning Central America among European audiences. We must, however, continue to emphasize our comprehensive policy towards Central America at the same time that we focus on the specific question of Nicaragua. (C)

There is a need to maintain this as a high priority of our missions Europe and Latin America. The opposition is engaged in an intensive propaganda effort to sustain their point of view in these areas, and our activity must be at a high level to gain support for our policies. In addition to the continued provision of important materials to the field missions, we must keep up a flow of speakers to the target areas. We must also seek to utilize, as much as possible, Central American spokesmen to speak on their own behalf in Latin America and Europe. Posts in Europe and Latin America should find ways to encourage locals to travel to Central America to gain on-the-ground knowledge of what is happening. (C)

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The limited reorganization of the SLPD function should in no way suggest any dimunition of effort. (C)

The NSC requests a status report of activities undertaken to implement the action plan by August 31, 1986. (U)

N 16805

Rodney B. McDaniel
Executive Secretary

DECLASSIFY ON: OADR

UNCLASSIFIED

United States Department of State

Washington, D.C. 20520

May 23, 1986

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N 16006

MEMORANDUM TO VADM JOHN M. POINDEXTER
THE WHITE HOUSE

SUBJECT: Public Diplomacy Plan for Explaining U.S. Central American Policy in Europe and Latin America

The Department submits herewith a public diplomacy plan for explaining U.S. Central American policy to Latin Americans and Europeans. Parts of the plan focus on explaining those same policies to international political organizations such as the Socialist International, the International Democrat Union, and the Christian Democrats.

Nicholas Platt

Nicholas Platt
Executive Secretary

Attachment:
Public Diplomacy Plan

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PUBLIC DIPLOMACY PLAN
FOR EXPLAINING U.S. CENTRAL AMERICAN POLICY
IN EUROPE AND LATIN AMERICA

N 16707

BACKGROUND

The Sandinistas came to power in July 1979 in a coalition with genuine democrats. However, within weeks the Sandinista National Liberation Front (FSLN) began a pattern of actions reflecting a betrayal of the revolution: internal repression of genuine democrats and of non-communist institutions such as religious organizations; aggression against fellow Latin American countries through armed subversion; ties with terrorist organizations in Latin America, the Middle East, and Europe; and a military buildup supported by the Soviet bloc and Cuba. That pattern continues today.

Under President Reagan, a balanced U.S. policy has been followed in Central America. It contains four mutually reinforcing elements:

1. Encouragement of democracy;
2. Economic aid to improve living conditions;
3. Active diplomacy for realistic political solutions;
4. Security assistance to give the people of Central America the means to defend themselves against expanded Soviet-bloc/Cuban/Nicaraguan subversion or armed aggression.

Much progress has been made in four of the five Central American countries since 1981: Costa Rica, Honduras, El Salvador, and Guatemala are democratic and are steadily strengthening their democratic institutions. The U.S. Congress has year by year provided support for the President's policy through increasing appropriations for economic and security assistance (total amounts by fiscal year 1983--$513 million; 1984--$989 million; 1985--$951 million; 1986--$1,014 million).

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N 16608

GOALS

-- To convince audiences in Central and South America (particularly the Contadora and Contadora Support Group countries) and in Europe that U.S. policy toward Central America is balanced, workable, and the best alternative possible.

-- To convince audiences in Latin America and Europe that the Nicaraguan democratic resistance has a cohesive and credible political program and that it is a viable, democratic force worthy of the support of the U.S. and other democratic nations.

-- To demonstrate to audiences in Latin America and Europe that the Sandinistas support international terrorism and that Sandinista external subversion threatens the nascent democracies in neighboring countries.

-- To demonstrate that the Sandinistas consciously and systematically violate human rights.

-- To convince audiences in Latin America and Europe that the United States seeks only that the Sandinistas deliver on their promises of 1979 to the Organization of American States; that we believe that the best way to do this is for the Sandinistas to engage in dialogue with the opposition; that the Contadora process, if it can meet our three requirements that it be comprehensive, simultaneous, and verifiable, is an alternative we can support.

-- To demonstrate to audiences in Latin America and Europe how Sandinista ties to Cuba and the Soviet Union adversely affect U.S. and their own national security interests.

-- To persuade the internationals (Socialist International, Christian Democrats, International Democrat Union, etc.) to speak out on their concern for civil and human rights in Nicaragua, Sandinista intervention in neighboring countries, and Sandinista ties with international terrorists; and to encourage the internationals to oppose aid to the Sandinistas for the same reasons.

-- To counter Sandinista disinformation activities with facts.

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ADDITIONAL GOALS IN LATIN AMERICA

-- To convince the countries of Central America that the United States shares their political and economic goals and can be counted upon to stick with them for the long haul (the U.S. is a reliable ally).

-- To persuade Central American government, political, church, and labor leaders to be more active in telling the Central American story in Europe, South America, Mexico, and the Caribbean.

ADDITIONAL GOAL IN EUROPE

-- To convince European publics that the U.S. is responding in a constructive manner to the desires of Central American nations for political and economic reform.

THEMES

-- Stress positive aspects (economic development, promotion of democracy, security) of U.S. policy in Central America.

-- Set record straight on U.S. policy toward negotiations with Nicaragua and on Contadora, including Nicaraguan refusal to negotiate a comprehensive agreement and U.S. aid to the Nicaraguan resistance.

-- Emphasize democratic background and objectives of the Nicaraguan resistance, while reiterating totalitarian nature of the Sandinista regime. Point out militaristic and undemocratic Sandinista educational system; exploit existence of neighborhood committees and internal repression. Remind audiences of Sandinista efforts to crush internal opponents, especially the Catholic Church, political parties, and labor unions not controlled by the government. Focus on new Nicaraguan constitution when it is unveiled by the Sandinistas and on totally controlled process in which constitution will be subjected to "public discussion."

-- Reemphasize progress and successes in El Salvador, while publicizing the destructive and totalitarian nature of the Salvadoran guerrillas.

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N 16209

-- Explain that the United States supports those people and governments who are furthering the democratic process--in Costa Rica, Honduras, Guatemala, and El Salvador--and seeking to foster reconciliation and the democratic process in Nicaragua.

-- Remind audiences of Sandinista and Salvadoran guerrilla ties with terrorists in Latin America (example, M-19 in Colombia) and elsewhere (including Middle East), arms and drug runners, and of their Soviet-Cuban ties. Mention Sandinista practice of giving Nicaraguan passports to terrorists.

-- Continue to present U.S. position on, and rationale for, withdrawal from Nicaraguan case before the International Court of Justice. Note: The ICJ decision on the merits of the Nicaraguan case, expected in May, will spark Nicaraguan attempts to garner support for calls for the U.S. to comply with the Court's rulings, likely including a Nicaraguan approach to the UN Security Council for enforcement of the ICJ's ruling under Article 94(2) of the UN Charter.

ADDITIONAL THEME IN CENTRAL AMERICA

-- Europeans do not have a clear understanding of progress toward democracy in Central America, nor do they understand the threat to democracy posed by the Sandinistas. The United States government cannot alone convey that story to Europeans. The Central Americans should take on a share of that task.

AUDIENCES

Political and government leaders in Latin America and Europe
Media in Latin America and Europe
The Internationals
Religious leaders
Academics

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Note: The following three audiences have ready access to the American news media and to U.S. public opinion data. This will affect their willingness to accept materials and information aimed directly at them.

European and Latin American delegations to the United Nations
Latin American and European diplomatic missions in Washington, D.C.
Latin American and European journalists in the United States

ACTIONS

-- Make increased use of WORLDNET as an interactive medium for explaining U.S. policy in Central America (among officials to be sought as spokesmen on Central America are Vice President Bush, Ambassador Walters, Assistant Secretary Abrams, and Ambassador Habib).

-- Speech by President Reagan describing his positive vision for Central Americans. This should note our greatly increased economic assistance, including scholarship programs, and our identification with the hopes of the people of the region for a better life. The speech should also note that the door is open for Nicaraguans to share in this prospect--if their Sandinista leaders will allow them the freedom to pursue it. This speech should be a major event delivered on some appropriate occasion, preferably during the June 10-11 visit of the four Central American democratic presidents. Other possibilities might be to have the President speak to the OAS or during either the President Sanguinetti or President Azcona visits.

-- A senior Administration official, perhaps Secretary Shultz, should publicly unveil the second annual report on the implementation of the Kissinger Commission (or Jackson Plan) findings. This can be an opportunity to demonstrate that we recognize the North-South dimensions of the problem, and to stress the affirmative part of our strategy.

-- For Socialist International in Lima, June 20-23, State will instruct embassies in the countries represented to make demarches to party leaders. USIS Lima will try to place material on Central America in the Peruvian media at that time, and will also distribute ARA/LPD pamphlets presenting U.S. views on Central America.

UNCLASSIFIED

-- USIA will maintain a steady flow of AMPARTS to Europe and Latin America to speak about Central America. These will be arranged according to the needs identified by posts in their country plans.

-- In addition to continuous reporting by its own media, USIA will distribute abroad increased numbers of copies of studies produced by ARA/LPD. USIA will encourage its posts in Europe to translate more ARA/LPD documents into local languages.

-- DOD will continue its series of research/study seminars in Latin America on the Strategic Challenges to Regional Security.

-- DOD and USIA will distribute the 80-piece slide presentation "The Challenge and Response" to posts in Europe and Latin America. USIA will consider translating the show into local languages.

-- Put ARA/LPD sponsored "Arms Display" exhibit at key points in U.S. and overseas.

-- ARA/LPD will work closely with IO/UNP to prepare U.S. statements and rights of reply in multilateral fora to counter Sandinista disinformation.

-- ARA/LPD and USIA will be prepared to exploit any Nicaraguan intransigence at the Esquipulas, Guatemala, summit (May 24-26), and at the June 6 Contadora meeting (possible Contadora conclusion), and at Contadora negotiating sessions leading up to June 6. ARA/LPD and USIA will also prepare to support positions taken by the Central American democracies.

ACTIONS (Latin America)

-- During President Duarte's travel to Costa Rica, Peru, Uruguay, and Brazil, May 9-22, USIS posts at each stop promoted media coverage; USIA media covered in depth.

-- At the Costa Rican Inaugural, May 8, the U.S. delegation took the opportunity to meet with Contadora and Contadora support country leaders to demonstrate U.S. support for their goals.

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N 16812

-- During visit of Uruguayan President Sanguinetti to Washington in June, Administration leaders will underscore U.S. support for democracy and economic progress, emphasizing a positive vision, rather than reiterating well-known American opposition to oppression. USIA media will cover in full and also assist Uruguayan media traveling with the president.

-- USIA will provide full media coverage and assistance to the working visit of Honduran President Azcona to Washington May 26-29. Appropriate quotes by Azcona will be played into Europe and Latin America.

-- ARA/LPD will prepare a cable to Embassies in Central America instructing them to discuss with government officials, political, church, and labor leaders the need to tell the Central American story in Europe. A special effort will be made to persuade President Duarte to begin a public affairs effort in Europe.

-- DOD Policy Support Staff prepared special briefing and display materials on Central America for use at the meeting with air force chiefs of staff from 20 Latin American and Caribbean countries May 5-9. Similar materials and briefings will be given to air force intelligence chiefs from 20 Latin American and Caribbean countries when they meet at Homestead AFB, Florida, in August 1986.

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EXHIBIT GPS-66

Foreign Media Reaction

Early Report

Wednesday, May 6, 1987

EXHIBIT
GPS-66

IRAN-CONTRA HEARINGS

Britain

"Iran Hearings Open With Bitter Attack" (Daily Telegraph)

Washington correspondent Ian Brodie reported in today's conservative Daily Telegraph, "A retired American Air Force General, claiming yesterday that the Reagan Administration asked him to play a pivotal role in the Iran-contra dealings and approved of it, unleashed a blistering attack on the Attorney-General, Mr. Edwin Meese...

"General Secord...is so convinced of the probity and legality of his undercover actions that he testified without a grant of limited immunity from prosecution --the equivalent of a trapeze artist working without a safety net..."

"Secord Faces Congressional Demolition Workers" (Guardian)

The liberal Guardian's Washington correspondent Michael White filed, "The first day's hearing of the joint Congressional inquiry into the Irangate affair offered nothing prettier than the appearance of General Richard Secord, the freelance gun-runner...

"Appearing as the first witness, General Secord said he felt betrayed and accused the Administration of abandoning those implicated in the Irangate affair..."

France

"Secord Was Impressive" (France-Inter radio)

France-Inter radio's Washington correspondent Bertrand Vannier said, "Secord...provided a lot of details. The CIA knew about the operation. The White House knew and approved it. It seems he was the main pillar of Irangate....The first impression after this first hearing is that the U.S. Administration was much more involved than it said it was."

"Irangate Again" [Le Monde (luh MOHND)]

A front-page editorial in liberal Le Monde noted, "A typically American show is starting this week on Capitol Hill.

Wednesday, May 6, 1987

"The atmosphere, however, got suddenly hot yesterday afternoon, when retired General Richard Secord began his testimony....He answered without hesitation, giving an impression of frankness..."

"Curtain Went Up on Dramatic Political Show"

Ennic Caretto's report from Washington had top front-page attention by centrist La Stampa and said, "With Secord's accusation the curtain went up on a dramatic political show, where the struggle for Reagan's political survival is mixed with the electoral fight between Democrats and Republicans..."

SWITZERLAND: "Post-Reagan Era Has Begun"

An editorial headlined as above in independent La Suisse concluded that, with the beginning of the Iran hearings, "It is difficult to see how Reagan can surmount this situation.

"Instead, he is likely to be a lame-duck leader, to the advantage of a Congress which has never forgiven him for reasserting the primacy of the White House over Capitol Hill.

"The public hearings which opened yesterday have in fact ushered in the post-Reagan era."

AUSTRIA: "A Remarkable Example of Living Democracy"

Socialist Party's Neue AZ, in an editorial on the opening of the hearings, observed, "Before the eyes of the world, the United States is giving a remarkable example of living democracy and relentless search for the truth..."

IRELAND: "Reagan Doctrine May Be on Trial"

According to the Washington correspondent of the liberal Irish Times, "There is another similarity between Watergate and Contragate. Both have to do with undeclared wars conducted largely in secret without electoral mandates. Both stem from an anti-communist ideology which is used to justify strategic U.S. objectives.

"This Administration has given the ideology a name, the 'Reagan Doctrine.' What may be on trial for the next several weeks is that doctrine."

Wednesday, May 6, 1987

IRAN-CONTRA HEARINGS

France "Such an exercise in self-flagellation is unique in the free world and in line with the traditions of American democracy...

"Congressional public hearings might be more embarrassing since they might show that the President violated several points of law. But isn't the biggest disgrace in this affair already inflicted on Mr. Reagan the fact that it lowered him to the rank of a mere politician who says one thing and acts differently?"

West Germany "The Price of Democracy" [Stuttgarter Zeitung (STOOT-garter TSEYE-toong)]

Liberal Stuttgarter Zeitung's editorial said, "Fourteen years after the Watergate scandal the United States once again can experience how Senators and Representatives of Congress scrutinize a policy which has fallen into disrepute....On the other hand, the hearings in Congress are also a striking proof of the functioning of democracy.

"It is normal that senior officials get on the wrong tracks, but it is unusual how vigorously the U.S. democratic institutions will take action, if they discover such a wrong track....Governing becomes difficult and makes the U.S. partners despair. It is a price the United States likes to pay, for the spectacle in Congress is also reason for a certain pride."

Italy "Secord: 'The White House Knew'" [Corriere della Sera (koh-ree-EH-reh DEH-lah SEH-rah)]

Renzo Cianfanelli wrote from New York for the front page of centrist Corriere della Sera, "Those who expected a sensational beginning characterized by tension and surprise developments were certainly disappointed. Nobody in Washington seemed to be expecting yesterday an historical turning point on the first day of the Irangate hearings...

"The atmosphere, however, got suddenly hot yesterday afternoon, when retired General Richard Secord began his testimony....He answered without hesitation, giving an impression of frankness..."

Wednesday, May 13, 1987

FRANCE: "Hearings Fail to Provide Answer to Main Question"

France-Inter radio's Washington correspondent Bertrand Vannier concluded, "The first three days of the hearings failed to provide an answer to the main question: was Reagan informed and if he was, when was he informed?

"It is now clear that if the Iran-Nicaragua network was possible, it's because the White House leader was encouraging his advisers to help the contras. Did he directly order them to violate the law? He says he didn't..."

"Image of a Reagan With Failing Memory Has Vanished"

Liberal Le Monde stated, "On the fifth day of the hearings, the image of a Reagan with a failing memory and overwhelmed by the zeal of his advisers has vanished. From McFarlane's testimony, one has the feeling that the U.S. President was well aware of what his advisers were doing, that he was anxious to see them act in favor of the Nicaraguan rebels and that he even sometimes took things in hand personally."

WEST GERMANY: Details on "How Deeply" Reagan Was Involved

Liberal Stuttgarter Zeitung said, "Since the beginning of this week the Americans are getting first-hand information on how deeply Ronald Reagan was personally involved in the Iran affair ....McFarlane made clear that his highest superior, President Reagan, often gave the order to both parts of the Iran-contra affair or at least knew about them most of the time..."

"The Patient in the Dentist's Chair"

Independent Koelner Stadt-Anzeiger commented in an editorial, "The Congressional hearings will go on for months and the President and his staff members are now in the position of the patient in the dentist's chair. Somebody is constantly poking on the sensitive nerve.

"The men in the White House now have to pay for having deceived Congress. The final phase of Reagan's Presidency is overshadowed even if he is trying his best to leave the scandal behind by demonstrating remarkable energy when it comes to looking for a success in other areas."

Foreign Media Reaction

Daily Digest

Wednesday, May 13, 1987

IRAN-CONTRA HEARINGS--Reports abroad disagreed on whether Robert McFarlane's testimony "confirmed existing doubts" as to how much President Reagan knew about the illegal aspects of the Iran-contra affair.

BRITAIN: "McFarlane Plays Hard to Get on Reagan Cover-Up"

London headlines this morning included: "Swiss Executive Withdrew Lost Contra Millions" (Times), "$10 Million for Contras 'Deposited in Wrong Account'" (Guardian), "McFarlane Plays Hard to Get on Reagan Cover-Up" (Independent), "Iran Arms Sales Inquiry Told of 'U.K. Connection'" (Financial Times) and "Iranians in Secret White House Tour" (Daily Mail).

"Missing $10 Million Tracked Down by Congress"

The conservative Times' Washington correspondent Michael Binyon reported, "Congressional investigators have tracked down the missing $10 million donated by the Sultan of Brunei to help the Nicaraguan contras..."

"How Badly Out of Control Reagan White House Had Become"

An editorial in the centrist Independent said, "The present hearings reminded us that Americans have a different and more democratic tradition. They face a genuine and intractable dilemma between the Constitution's insistence that control of foreign policy must be shared between the President and the Congress, and the urgent exigencies of power.

"The revelations which will emerge from the Irangate hearings will certainly suggest how badly out of control the Reagan White House had become..."

"McFarlane Not Prepared to Tell the Whole Story"

In the opinion of the Independent's Washington correspondent Peter Pringle, "Mr. McFarlane's...answers were sprinkled with inconsistencies and, in reply to several questions involving his aides, Admiral Poindexter and Colonel North, he used nonspecific phrases such as, 'I'm not sure.'...

"The impression was that Mr. McFarlane was not prepared, even now, to tell the whole story..."

Thursday, May 14, 1987

IRAN-CONTRA HEARINGS

Britain "Reagan Admits Contra Fund Briefings" (Guardian)

The liberal Guardian's Washington correspondent Alex Brummer reported today, "The protective wall built around President Reagan sustained fresh breaches yesterday with testimony that he was briefed 'dozens' of times on contra fund-raising activities and by the disclosure that two former White House officials are providing evidence to a grand jury.

"This emerged as the President reversed his story and acknowledged that he had discussed increasing aid to the Nicaraguan contras with King Fahd of Saudi Arabia in early 1985. Mr. Reagan had personally denied this 24 hours earlier...

"Mr. McFarlane painted a picture of a President who was fully informed on every aspect of the contra operations. He received daily bulletins, and held meetings with the late CIA director, William Casey..."

"Reagan Admits Talks With King Fahd on Contra Aid" (Financial Times)

Washington correspondent Lionel Barber filed in the independent Financial Times, "The White House has been unnerved by charges that U.S. officials, unwittingly or otherwise, may have broken the law in efforts to help the contras during the Congressional ban on direct and indirect U.S. military aid..."

"Reagan Admits He Discussed Contra Funds With Fahd" (Independent)

The centrist Independent's Washington correspondent Peter Pringle held, "The distinction drawn by Mr. Reagan between soliciting and merely expressing gratitude for the funds is crucial to the question of whether the Congressional investigators will conclude any White House officials violated the 1984 Boland Amendment that forbade such activity..."

Foreign Media Reaction
Daily Digest

Monday, May 18, 1987

IRAN-CONTRA HEARINGS--Most foreign observers held that the evidence from the past two weeks' hearings has "banished" the "myth of a disengaged" President Reagan.

BRITAIN: "Reagan Goes on Offensive Over Irangate Revelations"

London headlines today and over the weekend included: "Lying for the President" (Observer), "Reagan Goes on Offensive Over Irangate Revelations" (Guardian), "Reagan 'Kept to Law Over Contras'" (Daily Telegraph) and "The Bud That Chills" (London Daily News).

Reagan Changes Tactics After McFarlane Revelations

The liberal Guardian's Washington correspondent Mark Tran reported today, "President Reagan yesterday went on the offensive in the Irangate affair by asserting that there was nothing in the law that kept him or his National Security Council from asking other people to help the Nicaraguan rebels.

"In an interview with U.S. News & World Report magazine, Mr. Reagan also argued that the Boland Amendment never prohibited his national security adviser or the NSC staff from offering aid to the contras...

"This change of tack on the part of the President and his officials has been precipitated by the evidence from the Irangate hearings....McFarlane shattered the picture of a laid back President who took little interest in the Irangate machinations..."

"Reagan Remains a Popular President"

Washington correspondent Alan Rusbridger said in the independent London Daily News, "For all his sins of commission or omission, Ronald Reagan remains a popular President....There is not great enthusiasm to bring him down or so to undermine him as to emasculate the Presidency for the next 18 months.

"And yet, without the Presidential jugular to target, there is a danger that the hearings could drift into an aimless sideshow --a process the White House is already doing its best to encourage..."

Monday, May 18, 1987

"He presented himself as the defender of morality and purity. The facts show that his Administration has supported violations of the law, that is, immoralities which are much graver for a public figure then the amorous immorality which drove Hart out of the Presidential race.

"It is an interesting lesson now that the United States is getting ready to choose its future President."

IRELAND: "Portrait of an Activist President"

The liberal Irish Times said yesterday, "Mr. McFarlane portrayed an activist President....Mr. McFarlane's President was in the middle of the action.

"He picked up $15 million or so from King Fahd of Saudi Arabia, apparently, and when Honduras grabbed a shipment of arms meant for the contras he sent a sharp personal message saying, 'Hand them back.'"

SOVIET UNION: "Reagan Conference on Iran-Contra Scandal"

Moscow TASS noted Saturday, "President Reagan held on Friday a special news conference for editors of the regional press, in line with the White House strategy of 'selective contacts' between the President and the press, aimed at countering the serious consequences of the Iran-contra scandal which undermined the Administration's credibility..."

HONG KONG: "Reagan Knows More Than He Is Willing to Admit"

The independent Hong Kong Daily News's editorial yesterday observed, "The testimonies of these (Congressional) witnesses have made us realize that Reagan knows more about the arms deal than he is willing to admit...

"Obviously, the funding of the Nicaraguan rebels was against the law, but whether the solicitation of donations from other countries was illegal will have to be decided by the court..."

INDIA: "Bigger Dimensions Than Watergate"

An editorial in the independent Hindustan Times today held that the Iran-contra affair "is taking on bigger dimensions than even Watergate because it does not involve a 'mere' break-in but the constitutional relationship between the executive and the legislative wings of the Government.

Monday, May 18, 1987

"It also has international ramifications with the credibility of American foreign policy at stake as also of its intelligence services..."

ALGERIA: To What Extent Was Reagan Involved?

Government-owned, Arabic language ash-Shab's editorial today pointed out, "The question that remains unanswered is the extent to which President Reagan was involved in this affair, especially after the insinuations made by McFarlane and Secord which hint that he was aware of the diversion of funds made from the sale of arms to the contras..."

BRAZIL: "President Vacillates in Front of Journalists"

Liberal Folha de Sao Paulo's New York correspondent Paulo Francis wrote Saturday under the above headline that, in his Friday interview with reporters, President Reagan seemed "hesitant and nervous.

"Public opinion polls have been devastating for Reagan. (At the meeting with the journalists) he started by saying...that he knew very well what happened in the transactions with Iran but that he was unaware of the remittance of funds for the contras. (This defense) is unlikely to work..."

MEXICO: "Not Easy to Show Reagan as Violator of Laws"

In the editorial view of leftist La Jornada Friday, "Abrams and McFarlane's testimony to the Congressional committee investigating the Tehrangate scandal has led to an immediate conclusion: regardless of the many interests involved in the scandal, it is not easy to show the U.S. President as a violator of his own laws.

"It would be a suicidal action for the Government..."

Monday, May 18, 1987

"A Rotten, Horrible Week for Reagan Administration"

According to the middle-of-the-road Observer's Washington correspondent Simon Hoggart yesterday, "It's been a rotten, horrible week for the Reagan Administration...

"The result of the second batch of Iran-contra hearings is that the White House has lost its last tatters of credibility in Congress.

"It remains to be seen how long public opinion will continue to put up with the seemingly endless flow of shameful revelations..."

ITALY: "A Circus With Political Objectives"

U.S. correspondent Alberto Pasolini Zanelli took this view in yesterday's leading conservative Il Giornale, "The debate has simply confirmed what everybody suspected: that is, that the whole circus has political objectives, and not the objective of 'defending the Constitution.'...

"This is a replay of Vietnam....Those who are raising today subtle political reservations about the aid to the contras want indeed a victory by the Sandinistas, just as those who 15 years ago criticized Saigon's imperfect democracy wanted what they got later: the triumph of Hanoi's totalitarian regime..."

SWITZERLAND: "Myth of Detached President Banished"

"President Was Very Much in the Know" was the headline in this morning's middle-of-the-road 24 Heures, over a story by its Washington correspondent that said, "The myth of a President Reagan so detached from day-to-day business that he did not know what was going on under his own roof has been banished.

"That is one of the main conclusions emerging from 40 hours of public testimony given by two key witnesses to the Congressional Iran-contra hearings."

SPAIN: "Administration Supported Violations of the Law"

An editorial in Saturday's leading liberal El Pais observed, "The Congressional questioning helps to clear up many misconceptions which have been the pillars for the Reagan myth.

Wednesday, May 20, 1987

ITALY: "President Perfectly Aware of Everything"

Leftist La Repubblica's New York correspondent stated, "The President, who was always said to be unaware of the details, has made a dramatic about-face, maintaining that he was perfectly aware of everything, but that the Boland Amendment neither applied to him nor the NSC staff..."

WEST BERLIN: "So Many Difficult Questions"

Independent Der Tagesspiegel's Washington correspondent Marlene Manthey said, "There are so many difficult questions focussing on the differences...between the Executive and the Legislative bodies that lawyers will have years to lecture on them to their law school students...

"However, can that be of interest to the average person in America?

"To insiders, the Iran-contra affair may be very important. To those outside, however, the economic situation, the budget and trade deficit, a drop in wages, and agricultural problems cause greater irritation..."

COSTA RICA: "Two Explosive Situations Fused Into One"

San Jose's centrist La Nacion said that while Washington "vehemently requested its European allies not to negotiate with terrorist groups or their sponsors, some White House officials were doing just that.

"Even worse, by channeling some of the funds from the Iran dealings to the Nica insurgents, two explosive situations were fused into one, with adverse results that are very plain today..."

NICARAGUA: "Reagan: I'm Wounded"

Pro-Sandinista media continued to give heavy play to the Iran-contra hearings and related stories on this subject. Under the above headline, the official FSLN daily Barricada said, "President Reagan exploded yesterday on affirming that 'there is no doubt as to whether I was or wasn't informed; I was involved in the decision to help the Freedom Fighters...'"

"Costliest Political Scandal"

The same paper said editorially, "In only six months, the costliest political scandal since his election has produced effects with considerable repercussions for the Reagan Administration.

"Without evaluating the internal costs which Reagan is suffering to his domestic policies, the international ramifications of the scandal are no less costly or important..."

Foreign Media Reaction

Thursday, May 21, 1987

Daily Digest

IRAN-CONTRA AFFAIR--Some foreign observers felt it "well-nigh incredible" that President Reagan was not kept fully informed by his top aides on the Iran-contra situation. Others described the hearings as providing a "clear picture of a clandestine effort."

BRITAIN: "A Distinction Is to Be Drawn"

The conservative Daily Telegraph editorialized: "A distinction is to be drawn between the President's attitude towards freelance fund-raising for the contras and his adamant claim to have been in the dark over the siphoning of arms-for-Iran funds to the contras by his officials--which was ultra vires.

"There are narrow lines to be drawn here. The overseas observer may find it well-nigh incredible that men so close to the President as some of these witnesses on Capitol Hill can have kept him wholly in the dark on a matter so close to his heart..."

Calero Calls Hearings "An Inquisition"

In another article the same paper said, "Aldolfo Calero, the Nicaraguan rebel leader...denounced the Iran-contra hearings yesterday as an inquisition...

"The fifth witness to appear before the Congressional probe since it began admitted receiving funds from 'foreign sources (and) patriotic Americans.'"

"A Clear Picture of Clandestine Effort"

The centrist Independent's Washington correspondent Patrick Brogan reported: "A clear picture of the clandestine American effort to supply the Nicaraguan rebels and its connection with Iran is at last emerging...

"Mr. Calero gave about $90,000 of Saudi money to Lt. Col. North who used it for a variety of purposes....Most of Col. North's money, however, came from the profits on the sale of arms to Iran, and was used to set up a separate contra army in the south of Nicaragua..."

Thursday, May 21, 1987

"Realistic Peace Talks in El Salvador"

The same paper also carried an article from its correspondent in Mexico City who said, "The answer to the Central American problem can only be found through realistic peace talks in El Salvador, acknowledging true guerrilla strength; a negotiated treaty of co-existence with the Sandinistas; and money to fight the poverty and social injustice from which the regions' instability initially sprang."

ITALY: "We Fooled Congress"

Leading Italian newspapers continued to give feature coverage to the Iran-contra hearings. Reports by U.S.-based correspondents drew from testimony by contra leader Adolfo Calero. Leftist La Repubblica carried headline "Contra Leader Admits, 'We Fooled Congress'." Centrist La Stampa's headline read: "Contras Recount Irangate."

SPAIN: "U.S. President Confronts the Law"

Under this headline, liberal El Pais ran an article by Washington correspondent Francisco Basterra stating, "Are the U.S. President and the White House above the law? Ronald Reagan thinks so, and he has launched a defense that will allow him to break a law approved by Congress and signed by him..."

"An Essential Tool of U.S. Policy"

The same paper published an interview with State Department officer Luigi Einaudi which noted, "According to a high official from the U.S. Department of State, the contras are still an essential tool of U.S. policy in Central America.

"At the same time, Washington thinks that the tactics used so far by anti-Sandinista forces, giving more importance to the military aspect than to the political one, has failed..."

AUSTRALIA: "Ode to Gung-Ho Ollie"

Under this headline, Melbourne's independent Sun Washington correspondent Geoffrey Barker reported: "This began as a tale of cloak-and-dagger action and ended, incongruously, as a love poem.

"It was clear that Owen's overriding motivation was his personal regard for Ollie North who, he says, he loved like a brother..."

ECUADOR: "More and More Evidence Appears"

Quito's centrist El Comercio said in an editorial, "As the Irangate hearings continue, more and more evidence appears indicating the direct participation of President Reagan. Now he's a little frustrated and he will become progressively more so..."

Foreign Media Reaction

Friday, May 29, 1987

Special Report

ITALY

"Reagan Appeared Self-Confident"

Washington correspondent Ennio Caretto filed in centrist La Stampa, saying that Mr. Reagan, "elegant in a gray suit and red tie, was in excellent shape....The language during the interview was optimistic. With Irangate in full swing, instead of a leader facing a crisis and close to the end of his mandate, Reagan appeared self-confident, firm and convinced of his personal role in history.

"On Irangate, he commented, 'Frankly, I sleep very well at night. I never thought about resigning.'

"He expressed positive thoughts regarding his dialogue with Gorbachev: 'I believe we will have a summit in the United States by the end of this year.'..."

IRAN-CONTRA HEARINGS

BRITAIN: "Irangate Inquiry 'a Circus'"

The conservative Daily Telegraph's Washington correspondent Hugh Davies reported today under the headline above, "Fierce anger was voiced in the Iran-contra hearing yesterday over a blistering attack on the panel by a former witness, Richard Secord....Panel members were astonished to read a long article for the Wall Street Journal, written by General Secord, who accused Congress of staging a 'circus on Capitol Hill.'...

"Secord wrote that it was 'small wonder' that American allies were shaking their heads in 'sadness and uncertainty' while U.S. adversaries 'stand goggling at the spectacle of a great nation inflicting injury on itself, and wonder if they can believe what they see.'..."

Foreign Media Reaction
Daily Digest

Thursday, June 4, 1987

IRAN-CONTRA AFFAIR--British commentators said Elliot Abrams' future must be "in some doubt" following his appearance before the Iran-contra investigating committee and that Col. North "for the first time" has been linked to "possible financial gains."

BRITAIN: "Abrams Future in Some Doubt"

The conservative Times' Washington correspondent Christopher Thomas said, "Mr. Elliott Abrams was given another harsh grilling during the Iran-contra hearings yesterday. Several Congressmen publicly and privately are saying he should resign.

"Mr. Abrams insisted that he had been assured by his superior, George Shultz, that he was not a 'fall guy' in the scandal and insisted that he would not resign. It is clear, however, that his credibility is at a low ebb and his future must be in some doubt..."

"Belly Button Account"

The liberal Guardian's Washington correspondent reported, "A millionaire American businessman, Albert Hakim, told the Iran-contra hearings yesterday that he set up a secret $200,000 Swiss bank account as a 'death benefit' for Colonel North in case he was killed. The account was known as 'belly button.'

"Mr. Hakim's testimony was the first time the dismissed National Security Council official has been linked to possible financial gains as a result of the affair."

"Procedures Designed to Confuse Investigators"

The centrist Independent's Washington correspondent Patrick Brogan stated, "Mr. Hakim was grilled all afternoon about the 'enterprise's' finances, and admitted that his accounting procedures had been designed to confuse investigators...

"The other startling revelation in Mr. Hakim's testimony is that he considered Col. North to be the head of the 'enterprise.' General Secord has insisted that the enterprise was an independent, private operation..."

Monday, June 22, 1987

WEST GERMANY: "Preparing for the Political Catastrophe"

Pro Social-Democratic Frankfurter Rundschau said under the headline above, "What is worrying is the fact a man like Lee Hamilton publicly refers to impeachment. Is he going too far? Or does he want to start slowly preparing the public for the political catastrophe facing the United States?

"The committee members already have a pretty good idea of what Poindexter and North will say in their testimony....Even without any devastating disclosures, the President's position is pretty miserable. Perhaps there's even worse on the way..."

ITALY: "Also Khomeini in North's Target"

Typical Italian headlines today read: "One of Khomeini's Assistants Asked North, 'Help Us Kill the Ayatollah'" (Corriere della Sera), "Colonel North Planned to Kill Khomeini" (La Stampa), "North Conspired With Iranian Moderate Groups to Kill Khomeini" (Il Messaggero) and "Also Khomeini in North's Target" (Il Giornale).

"A Revelation From Poindexter"

A news agency dispatch in both leading centrist Corriere della Sera and centrist Stampa Sera said: "According to a report by U.S. News and World Report, Admiral Poindexter has revealed to a Pentagon official that among Colonel North's projects was one contemplating the assassination of Iranian political leaders, including Ayatollah Khomeini..."

SWITZERLAND: "North Discussed Assassination of Khomeini"

Lausanne's middle-of-the-road Le Matin today headlined an AFP/AP report "North Discussed Assassination of Khomeini."

EGYPT: Praise for Congressional Investigation of Irangate

A byliner wrote in yesterday's Government-affiliated al-Akhbar: "While in Washington, I watched some sessions of the Congressional committee investigating the Iran arms deal....The sessions are an example of what a parliamentary investigation should be. They are not a sham intended to hide the facts, cover up for big wigs, or absorb public anger.

"This is a real trial in public in which the people are the judge."

Tuesday, June 23, 1987

IRAN-CONTRA HEARINGS--Scattered media reported the resumption of the hearings with the question of whether Col. North would testify.

BRITAIN: "Decisive Final Stage"

The independent Financial Times Washington correspondent Lionel Barber observed: "The Iran-contra hearings reopen on Capitol Hill today for what promises to be the decisive final stage in the Congressional investigation of the affair.

"Over the next eight weeks, the joint House-Senate Select Committee will hear evidence from President Ronald Reagan's closest current and former advisers.

"Their testimony is considered critical to establishing how much he and other senior U.S. officials knew about the secret arming of the Nicaraguan contra rebels, and whether they engaged in a cover-up..."

"North Still Haggling"

The centrist Independent's Washington correspondent Alexander Chancellor said: "The Iran-contra hearings resume on Capitol Hill today with the key witness, Lt. Col. Oliver North, still haggling with Congress over the conditions for him agreeing to give evidence to the investigators..."

WEST GERMANY: "North as Director of Hearings"

Headlines today included "Reagan Travels to the Quiet Hinterland" (General-Anzeiger) and "Actor North Takes on Role of Director in the Iran Hearings" (Die Welt).

"Current Reagan Trip Meaningful"

Independent General-Anzeiger of Bonn reported, "Far way from the Potomac in the American hinterland President Reagan wants to address those issues in the next few days which he hopes are of interest to the 'real Americans': a healthy budget and taxes...

"His current promotional trip takes place at a particularly meaningful time because the second part of the embarrassing Iran-contra hearings are to start in Washington today..."

Tuesday, June 23, 1987

"Curtain Rises on Second Act"

Conservative Die Welt of Bonn said, "Today the curtain will rise to the second act of the Iran-contra hearings, and it cannot be excluded that it will turn into a drama without the leading actor.

"The appearance of Oliver North, the key figure in this scandal, has become questionable..."

FRANCE: "Reagan Tries to Restore Image"

Left-of-center Liberation said, "On Monday, President Reagan started a series of visits to 'grassroots America' to try to restore an image tarnished in Washington because of Irangate and of the 'mediocre' achievements in Venice..."

Foreign Media Reaction

Friday, June 26, 1987

Daily Digest

IRAN-CONTRA HEARINGS--Western European reports focused on Assistant Attorney General Cooper's revelations that State Department officials objected to cover-up attempts by Administration members. An article in the Washingtonian claiming Colonel North "enlisted the support" of Solidarity to divert Soviet weapons to the contras drew widespread coverage.

BRITAIN: "North 'Prepared Contra Cover-Up Testimony'"

These were significant London headlines this morning: "North 'Attempt to Rewrite Evidence'" (Times), "Solidarity 'Diverted Arms' for North" (Guardian), "Reagan Aide Shot After 'Soviet Arms Hijack Plot'...Casey and North in 'Plots'" (Daily Telegraph), "North 'Prepared Contra Cover-Up Testimony" (Financial Times) and "'Darn' Was Meese's Reaction to Iran Scandal" (Independent).

"Cover-Up Effort Failed When State Officials Objected"

The conservative Daily Telegraph's Washington correspondent Ian Brodie reported, "The first insider's account of the attempt by senior Reagan Administration officials to cover-up the secret arms sales to Iran was given to the Irangate hearing yesterday.

"The effort failed when State Department officials objected to the deception, said Assistant Attorney General Charles Cooper. He said the State Department's chief legal adviser, Judge Abraham Sofaer, had threatened to resign if the...late William Casey went ahead with his intention to give false testimony to the Senate Intelligence Committee last November.

"There was also a heated exchange in the private quarters of the White House between Mr. Reagan and his Secretary of State, Mr. Shultz, who warned that the proposed Casey evidence was wrong..."

"North Enlisted Solidarity in Contra Arms Diversion"

The liberal Guardian's Washington correspondent Michael White filed this report based on a story in Washingtonian magazine: "Colonel Oliver North enlisted the support of leaders of Solidarity...to divert a trainload of Soviet rifles and Sam-7 missiles into the hands of the contra rebels, according to fresh claims yesterday, as Congressional hearings relentlessly eroded the White House's credibility...

Monday, July 6, 1987

"North Expected to Continue Cover-Up"

The centrist Independent's Washington correspondent Peter Pringle wrote today, "Colonel North, the 'ultimate marine' as his lawyer once described him, is expected to continue the cover-up of the diversion of funds to the Nicaraguan contras that he began last November when he ordered his devoted young secretary...to alter White House memos and frantically shredded key documents in his office before the FBI arrived...

"Thus, the centripetal question of exactly what his superiors, including the President, were told about the affair, may never be known, at least from Colonel North..."

"Investigations of Alleged Saudi-Savimbi Connection"

The liberal Guardian stated, "U.S. Congressional investigators are pursuing a secret African connection in the Iran-contra scandal under which the Administration appears to have obtained Saudi money to aid Mr. Savimbi's rebel group in Angola..."

"North Drew Up Secret Plan for Military Takeover of U.S."

A report in the conservative tabloid Daily Mail by Washington correspondent Richard Beeston ran, "Colonel Oliver North drafted a secret plan for the military takeover of the United States, it was claimed yesterday...

"The report in the Miami Herald described sacked aide North... as a key member of a 'phantom government' working secretly inside the Reagan Administration..."

"A Petty Crook or a Patriot?"

On Sunday, the liberal Observer's Washington correspondent Simon Hoggart reported, "The star player, Lt. Col. Oliver North, is to start giving evidence on Tuesday. This would have been the top-of-the-bill climax to the affair if it weren't for the fact that his lackluster boss, Admiral John Poindexter, is to appear soon afterwards, with the considerable advantage of knowing what North has already said.

"One problem is that North's credibility, such as it was, no longer exists. Far from being a simple patriot, accused only of too much zeal in the service of his country, he is beginning to look more like a petty crook, engaged in numerous private fiddles and crude attempts to cover them up...

Tuesday, July 7, 1987

REAGAN'S IMAGE--Media observers in London and Sao Paulo expressed views on what they saw as the President's fading image.

BRITAIN: "Lost in a Wasteland"

The conservative Times ran the headline "Reagan Lost in the Wasteland of Decline" over a report by Washington correspondent Michael Binyon that "these are sad and difficult times for a once mighty President.

"The man who dominated American politics for six years, who soared to the heights of popularity, invigorated a nation with his optimism and success, now seems a spent force.

"Congress defies him with impunity. Republicans gradually but deliberately seek their distance.

"Officials try to make up for the lack of action with tough talk and assertions of vigor. Advisers grapple for new initiatives or fail back on tested slogans and issues.

"But behind the scenes, press officials limit the President's exposure to questioning, aides scurry to correct mistakes and senior Cabinet members push their own agendas and bicker over policy.

"The sense of drift is unsettling, and brings out the worst in Washington: snide gossip, disloyalty and frustration. Anonymous White House aides talk of the lame duck syndrome, and lament the lack of energy. 'I think this place will be on automatic pilot pretty soon,' said one recently.

"There is much that is reminiscent of the last years of Brezhnev.

"Mr. Reagan himself scoffs at the spate of political obituaries that have appeared in the last few weeks. But the old sparkle has gone. He has begun to look all of his 76 years..."

BRAZIL: "Reagan Will Leave an Inheritance"

Liberal Folha de Sao Paulo remarked, "It is easy to foresee that Reagan will be soon forgotten as U.S. President. If not overthrown before, he will leave the Presidency in January, 1989, leaving an enormous domestic and foreign debt. Reagan spent more than all U.S. Presidents together since Washington.

"Reagan was brilliant in selling an image of courage and firmness as a President. But he will leave an inheritance which transcends a mediocre performance in the Presidency..."

Tuesday, July 7, 1987

"On Whose Authority Was North Acting?"

Lionel Barber, Washington correspondent for the independent Financial Times, filed, "The all-embracing question facing the Iran-contra panel is how this 43-year-old born again Christian, whose medical records reveal evidence of mental instability, was allowed to wield such influence within the Executive. On whose authority, if any, was he acting?

"Only Colonel North can answer that question, which goes to the heart of the Iran-contra affair..."

"Did Reagan Team Steal 1980 Election?"

The left-wing weekly New Statesman claimed, "The question is--did the Reagan team steal the 1980 election?...

"It has now been established that the shipment of arms to Tehran began in February 1981, a few weeks after Ronald Reagan was inaugurated as President. At that time, there were no American hostages in Tehran or Beirut. Nor were there any of the fabled Iranian 'moderates' in prospect. So for what 'quid' were those arms a 'quo'?

"The theory now current is that the Reagan team made a deal with the mullahs before the 1980 election. The mullahs were to keep the American Embassy hostages and refuse to release them to Jimmy Carter. In return for this electorally disastrous humiliation, the incoming Reagan Administration would ship badly-needed spare parts and weapons to the American-equipped Iranian armed forces...

"If there was collusion with Iran as far back as 1980, then the evident panic in the White House today needs no further explanation. Ronald Reagan owes his election to the reverses suffered by Jimmy Carter in Iran.

"If it can be shown that he and his advisers deliberately contributed to those reverses, and deliberately prolonged the captivity of the hostages, then impeachment would be the least of it. And the whole moral basis of the 'Reagan revolution' would be retrospectively abolished. Watch this space."

FRANCE: "North Comes to the Scene"

Parisian headlines included: "North Comes to the Scene" (Figaro), "North Comes to the Table" (Le Matin) and "Washington Under North Wind" (Liberation).

"Washington Is Holding Its Breath"

Washington correspondent Francois Sergent wrote in left-of-center Liberation, "Washington is holding its breath.... Investigators will try to find out whether North and Poindexter had informed the President of the diversion of funds in favor of the contras....North always gave the impression that he was protected by very important people. A perfect culprit for the Administration would be William Casey...

Wednesday, July 8, 1987

AUSTRALIA: "Reagan and I Never Spoke on Contra Funds: North"

The independent Melbourne Age ran a page one story by Tim Colebatch in Washington headed: "Reagan and I Never Spoke on Contra Funds: North."

NEW ZEALAND: "North Is Not Going to Be Alone in Jail"

Connie Lawn, reporting from Washington for Radio New Zealand's "Morning Report," noted that North's testimony "does appear to pass quite a bit of blame on other members of the Cabinet and certainly on the men who headed the NSC over this two or three year period...

"If Oliver North goes to jail he is not going to be alone there."

ISRAEL: "North Did His Best to Defend President Reagan"

Conservative Yediot Aharonot's Washington correspondent Erol Guiney wrote, "North did his best to defend President Reagan when answering the key question of whether the President knew about the deals with Iran and the transfer of money to Nicaragua's rebels."

"Officials Involved in False Chronology"

Liberal Haaretz's Washington correspondent Zvi Barel filed, "North's testimony has shown so far that the late CIA Chief William Casey and National Security Advisers Robert McFarlane and John Poindexter, as well as Attorney General Edwin Meese, were involved at some point or other in drafting a false chronology, apparently aimed at protecting the Administration."

Israel at Center of North Testimony

Israeli radio's Washington correspondent Shimon Schiffer reported, "Israel's involvement in the Iranian arm deals was at the center of Oliver North's testimony tonight. The names Yaakov Nimrodi, Al Schwimmer, David Kimche, Avraham Ben Yosef and Yitzhak Rabin were mentioned again and again..."

ARGENTINA: "Bring the American Junta to Justice"

A byliner remarked in the liberal Buenos Aires Herald Monday: "If some of the ego-driven personalities of the American news media started to examine seriously the process that has been running their glass house of democracy over the past five or six years, they wouldn't need a magnifying glass to find clues that the little juntas in South America don't hold a candle to the big one back home.

Wednesday, July 8, 1987

"North Painted Utterly Dismaying Picture of Administration"

An editorial in the Guardian commented, "The picture that Colonel North painted yesterday was utterly dismaying for the Administration. It was a picture of a world where anything went, where the chiefs of security and intelligence felt quite free to commit crimes, shred papers or orchestrate the most grandiose of lies in the President's name without a second thought...

"If that is the way the rest of the hearings pan out, it will merely confirm present reality--the reality of a President suddenly aged, stripped of meaningful power and peripheral to the policies that unfold about him....This wasn't a way to run the tiniest railroad. It was a manic way to run the greatest democracy in the world--with lessons attached for that democracy itself."

"North Left Open Crucial Questions About Reagan's Role"

According to the centrist Independent's Washington correspondent Alexander Chancellor, "North...left open crucial questions about President Reagan's role..."

"North Damned Reputation of Many Leading Figures"

BBC-2 TV's Washington correspondent Gavin Esler observed, "As he defended the Reagan Administration's activities he damned the reputations of many of its leading figures--Attorney General Meese, former CIA Director Casey and former NSC advisers McFarlane and Poindexter....Colonel North's statement about the 'cover-up' will haunt the Reagan Administration in its remaining months..."

FRANCE: "North Clears Reagan"

Parisian headlines included: "North Does Not Compromise Reagan" (Figaro), "North Clears Reagan" (Quotidien), "North Tries to Clear Reagan" (Le Matin) and "Hunt Against a Lame Duck" (Communist Humanite).

"Reagan Cannot Run the Country Now"

Left-of-center Liberation's editorial said, "The parallel government which North and his pals were running in the basement of the White House also gives us an assessment of Reagan. North can try to clear him before Congress but Reagan's innocence nevertheless accuses him of at least possible complicity, because...it shows more the incompetence of the U.S. President than his possible immorality...

7/9/87

NORTH TESTIMONY

Britain

"The White House has struggled mightily to divert attention from Colonel North, but at least for the first two days it has failed. It is an open question how long a shelf-life as a media star Colonel North will have, absorbing though the variety of roles he plays is...

"One thing seems assured, however. By pointing to the decision-makers higher up the White House chain of command and not falling on his sword, Colonel North has ensured that the forthcoming appearances of men like former National Security Adviser John Poindexter, Attorney General Edwin Meese and other top officials in the next three weeks will also attract plenty of attention. That is bad news for Mr. Reagan."

"North Points Finger at U.S. Security Chiefs" (Guardian)

A report in the liberal Guardian by Washington correspondent Michael White said, "Any ground the Colonel may have regained with Congress evaporated during the afternoon when he admitted lying time and time again in previous hearings to protect the covert policies and complained that Congress could not be trusted not to leak."

France

"North Scores Over Congress" (Europe One radio)

According to Europe One radio's correspondent in Washington, Jean-Pierre Joulin, "North is currently reversing the situation to his advantage. This is the most surprising development of the hearings. With the hearings, Congressmen expected to deal a fatal blow to the main Presidential assistant in the Irangate affair and, through him, to the President himself. But with his angel face, his ability to move his audience, and his good-sense arguments, he has become popular..."

"How Far Can 'Irangate' Go?" (Figaro)

Conservative Figaro's Washington correspondent Baudouin Bollaert reported, "The fact that he was not aware of the operation is not glorious for the most powerful President of the world, especially because he is a strong supporter of the contras...

Thursday, July 9, 1987

Is There a Shadow Cabinet?

Conservative Figaro's Washington correspondent Baudouin Bollaert reported, "The fact that he was not aware of the operation is not glorious for the most powerful President of the world, especially because he is a strong supporter of the contras...

"But this defense is double-edged. While it excludes Mr. Reagan's participation in the most contestable undertakings of his entourage, it strengthens the views of those who believe that, in the shadow of an aging and careless President, a sort of shadow cabinet is acting without the knowledge of Congress and of the main officials in the Administration..."

"North Will Not Be Irangate Scapegoat"

Left-of-center Liberation's Washington correspondent Francois Sergent concluded, "Colonel North will not be the scapegoat of Irangate....North no longer appears as the chief of a crazy network but, on the contrary, as the loyal and zealous executive of a policy supported as all the levels of the Administration.

"The defense is clever but increasingly detrimental for the close assistants of the President....North does not want to be the only one to be responsible and Poindexter's testimony next week will likely be decisive..."

WEST GERMANY: "Scandalous Decisions Were Made at Higher Levels"

An editorial in independent General-Anzeiger said, "Oliver North...gave the most precise outline so far of the picture of the Iran-contra affair. The picture he painted shows the President in comparably favorable colors but the rest of his Government team in a more gloomy light...

"Reagan might indeed not have known anything of the diversion of money from Iran to the contras. But the rest is bad enough ....The simple officer in the Washington command headquarters convincingly made it clear that he acted not only as a lone wolf but that he also carried out orders from his superiors. The scandalous decisions were made at higher levels..."

Foreign Media Reaction

Early Report

Friday, July 10, 1987

NORTH TESTIMONY

Britain "Ollie's Greatest Show" (BBC-TV 2)

BBC-TV 2's "Newsnight" yesterday evening ran Washington correspondent Gavin Esler's assessment that "Ollie North has not only become the greatest show here in Washington, but also the best known television performer across America....Opinion polls say most Americans believe him, but that means accepting that the U.S. Government did have control over the profits of the Iranian arms sales which went to the contras; it also means believing in a conspiracy to break the law, and a high-level cover-up..."

"North Denies He Was Confidant of Reagan," "Personal Troubles for Reagan's Law Chief" and "Alarming Boy Scout" (Daily Telegraph)

The conservative Daily Telegraph's Washington correspondent Ian Brodie reported today, "Lt. Col. Oliver North denied he was a confidant of President Reagan's yesterday in the course of an angry denunciation of Congress for its on-again, off-again support for the contras..."

The paper's Washington staff added, "The personal troubles of U.S. Attorney-General Edwin Meese, an old friend of President Reagan, gathered momentum yesterday amid speculation that he may soon be forced to step down...

"Both inquiries (Wedtech and Iran) center on questions of ethics, and they come when the Reagan Administration can hardly afford to have its chief legal officer tied up in a complex defense of his actions..."

An editorial in the Telegraph commented, "Patriotism is not enough. Much about Colonel North and his activities remains disagreeably reminiscent of the follies of the 1960s and 1970s in Indochina. The principal question many citizens of America's allied nations will continue to ask, having heard North's testimony, is how the workings of the American constitution permit an over-zealous service office of his rank--a rather alarming boy scout--to play plumber around the world, bending the pipes of American

7/10/87

NORTH TESTIMONY

West Germany

"The picture of ignorance...painted by the top floor of the Reagan Administration has fallen apart....Even if Oliver North did not say that Reagan knew and approved, his testimony has still damaged the President...

"Washington has passed sentence: the President has been lamed politically, his popularity has collapsed, if things go on like this, he will sink into obscurity."

Italy

"The Marine's Self-Confidence Staggers" (Corriere della Sera)

Leading centrist Corriere della Sera's New York correspondent Renzo Cianfanelli filed, "Through the dissection of the hypothesis of a shadow government, Liman intends to destroy the castle of North's indestructible certainty..."

"Colonel North's 'J'Accuse'" (La Repubblica)

A front-page article in leftist La Repubblica by New York correspondent Enrico Franceschini read, "For Colonel North yesterday was a two-sided day: in the afternoon, pressed by Liman's questions...he trembled; in the morning, in answering questions posed by George Van Cleve--the Republican representative, that is, Reagan's party--he found the going easier..."

A separate report noted, "The Marine with the icy blue eyes has conquered America. Even Reagan--who showed indifference at the beginning--is now watching closely..."

Israel

"Democracy at Work" (Israeli radio)

Israeli radio's Washington correspondent Shimon Schiffer reported: "After three days of testimony and incessant attempts on the part of Congress Committee lawyers, Oliver North still sticks to his version: 'I did nothing against the law.'...One of the problems with this testimony is that North is relying on the dead, like the late CIA head William Casey."

Israel

"North Praises Nir's 'Bravery'" (Jerusalem Post)

The liberal Jerusalem Post's correspondent David Makovsky filed from Washington: "In his third day of testimony in the Iran-contra hearings, Oliver North lauded Israel and particularly the Prime Minister's adviser on terrorism, Amiram Nir, for playing key roles in the capture of the Achille Lauro

Foreign Media Reaction

Friday, July 10, 1987

Special Report

IRAN-CONTRA HEARINGS

Summary

Lt. Col. Oliver North's testimony during the week to the Senate-House Select Committee made headlines around the world. After the third day, many writers judged he was emerging as a new American hero, and that his account of his actions was highly damaging to the President and key men close to him.

Typical headlines in Paris July 10 were: "Oliver North 'Superstar'" (Figaro), "North Makes a Hit" (Quotidien), "North, America's New Hero" (Liberation) and "North Turns America Around" (Le Matin).

Rome's leftist La Repubblica remarked that "the Marine with the icy blue eyes has conquered America." And Geneva's centrist La Suisse insisted that "he is 'Rambo' timber."

In the view of the independent Sydney Morning Herald: "In the public mind, there has been a dramatic sea-change as a result of North's three days of testimony...it is he who appears exemplary and Congress that is under scrutiny."

Liberal Le Monde of Paris maintained that "no one can ignore that a vise is tightening around him (the President) and that Colonel North's testimony is destroying him."

The pro-Christian Democrat Rheinische Post of Duesseldorf held that "even if Oliver North did not say that Reagan knew and approved, his testimony has still damaged the President."

Several media observers compared the hearing to the Watergate affair. London's centrist Independent called it "the best theater since Nixon."

In Guayaquil, the moderate Extra judged that "North's efforts, like those of Moscow, are not signs of weakness but rather indications of authentic stupidity."

EUROPE

BRITAIN

"North Blames Congress for Scandal"

These were London headlines July 10: "North Assails Interrogators" (Times), "North Is Urged Not to Take All the Blame" (Guardian), "North Denies He Was Confidant of Reagan...Personal Troubles for Reagan's Law Chief" (Daily Telegraph), "North Blames Congress for Scandal" (Financial Times) and "Angry North Says He Is Proud of His Actions...Best Show in Town Since Tricky Dicky Called It Quits" (Independent).

"Colonel Denies He Was a Confidant of Reagan"

The conservative Daily Telegraph's Washington correspondent Ian Brodie reported, "Lt. Col. Oliver North denied he was a confidant of President Reagan's yesterday in the course of an angry denunciation of Congress for its on-again, off-again support for the contras..."

"Meese's Problems Gather Momentum"

The paper's Washington staff pointed out, "The personal troubles of U.S. Attorney General Edwin Meese, an old friend of President Reagan, gathered momentum yesterday amid speculation that he may soon be forced to step down...

"Both inquiries (Wedtech and Iran) center on questions of ethics, and they come when the Reagan Administration can hardly afford to have its chief legal officer tied up in a complex defense of his actions..."

How Can Constitution Allow Over-Zealous Boy Scout to Take Over?

An editorial in the Telegraph commented, "Patriotism is not enough. Much about Colonel North and his activities remains disagreeably reminiscent of the follies of the 1960s and 1970s in Indochina.

"The principal question many citizens of America's allied nations will continue to ask, having heard North's testimony, is how the workings of the American Constitution permit an over-zealous service officer of his rank--a rather alarming boy scout--to play plumber around the world, bending the pipes of American foreign policy as fancy took him."

7/10/87

"A Box Office Hit"

Washington correspondent Lionel Barber remarked in the independent Financial Times, "Colonel North may be the best rehearsed Congressional witness to appear on Capitol Hill since John Dean in the Watergate hearings. His natural television personality, communicated in a melodramatic tone, has already turned him into a box office hit..."

"North: A Problem for Reagan and Hill Republicans"

The centrist Independent's Washington correspondent Patrick Brogan said, "The town is obsessed with the Colonel. It's the best theater since Nixon resigned...

"This all poses a problem for President Reagan and the Republicans on the Committee. Colonel North is saying the things they want to hear about the contras and the evils of bureaucracy and the liberals in Congress.

"But he also zealously and comprehensively incriminates all his superiors in his every action. He has in effect called the Secretaries of State and Defense, the Attorney General and lesser officials of lying about their roles, and though he insists he never got a direct order from the President, he is certain Mr. Reagan knew exactly what was going on.

"So Committee Republicans...are faced with a frightful dilemma: either the Colonel is a hero and patriot, telling the truth--which would show the entire Administration riddled with perjurers and incompetents--or else he is a pathological liar... which would mean all his political posturing was also quite unreliable..."

"Greatest Show in Washington"

BBC-TV 2's "Newsnight" July 9 ran Washington correspondent Gavin Esler's assessment that "Ollie North has not only become the greatest show here in Washington, but also the best known television performer across America...

"Opinion polls say most Americans believe him, but that means accepting that the U.S. Government did have control over the profits of the Iranian arms sales which went to the contras; it also means believing in a conspiracy to break the law, and a high-level cover-up..."

7/10/87

FRANCE

"Oliver North 'Superstar'"

Parisian headlines July 10 included: "Oliver North 'Superstar'" (Figaro), "North Makes a Hit" (Quotidien), "North, America's New Hero" (Liberation) and "North Turns America Around" (Le Matin).

"Vise Tightens Around Reagan"

Liberal Le Monde's Washington correspondent Bernard Guetta said, "Reagan was smiling to people coming to hear him call in favor of his budget project, but no one can ignore that a vise is tightening around him and that Colonel North's testimony is destroying him.

"His revelations are extending the list of people who knew about his activities in leading circles and the longer the list, the more difficult it is to believe that the President was the only one not informed of the diversion of funds."

"Reagan's Desperate Attempts to Divert Attention From Show"

Pro-Socialist Le Matin's Washington correspondent Pascal Audigier wrote, "While President Reagan is cautiously protecting himself in the White House, North is facing alone the fire of Congressional questions...

"Reagan is making desperate attempts to divert attention from the amazing show taking place on Capitol Hill....But the star is now the young officer who used to be in the shadow..."

"A Hit on Television"

According to conservative Figaro's correspondent in Washington, Baudouin Bollaert, "The Colonel is making a hit on television ....The turnabout is spectacular....Supported by his lawyer and the discreet presence of his wife Betsy, the former Marine has shown an extraordinary charisma..."

"A Hero, a 'Superstar'"

France-Inter radio stated, "Oliver North 'superstar.' He is making a hit on television....Before the hearings he was considered a wild patriot; now he has become a hero."

7/10/87

"A Two-Sided Day for North"

A front-page article in leftist La Repubolica by New York correspondent Enrico Franceschini said, "For Colonel North yesterday was a two-sided day: in the afternoon, pressed by Liman's questions...he trembled; in the morning, in answering questions posed by George Van Cleve--the Republican representative, that is, Reagan's party--he found the going easier..."

"The Marine Has Conquered America"

A separate report in the same paper noted, "According to an ABC News poll, 70 percent of the TV audience think that the ex-Rambo of the White House is defending himself marvelously ....Sixty percent believe he is telling the truth, while trying to defend President Reagan...

"The Marine with the icy blue eyes has conquered America. Even Reagan--who showed indifference at the beginning--is now watching closely..."

SWITZERLAND

"America Fascinated by North's Testimony"

Among Swiss headlines July 10 were: "America Ridiculed Over Irangate Hearings" (24 Heures), "Oliver North Counterattacks; Puts Congress on the Dock" (Le Matin), "North Inculpates Casey, Shultz, Meese and Israel" (Tages-Anzeiger) and "America Fascinated by North's Testimony; Radio and TV Bring It Live to Public" (Der Bund).

Additional headlines read: "Is North Scapegoat or Instigator?" (Neue Zuercher Zeitung) and "'Rambo' North Takes the Offensive...Accuses Congress" (La Suisse).

"North Seems More Afraid of the Law Than of Abu Nidal"

The report by Washington correspondent Yvette Janssens for centrist La Suisse observed, "Americans from all over the country are standing in line to occupy, in half-hour relays, the 14 seats at the Congressional hearings reserved for the public.

Foreign Media Reaction
Daily Digest

Monday, July 13, 1987

NORTH TESTIMONY--Foreign media comment generally agreed that Colonel North's testimony has "harmed" President Reagan, Secretaries Shultz and Weinberger and Attorney General Meese. Writers also looked forward to Admiral Poindexter's turn before Congress, seen as "much more important to the President's position."

BRITAIN: "Reagan 'to Survive' Poindexter Testimony"

London headlines today read: "North Gets a Boost From Opinion Polls" (Times), "Reagan 'to Survive' Poindexter Testimony" (Guardian), "Reagan 'Not to Be Impeached'...Admiral's Vital Testimony to Follow North" (Daily Telegraph), "White House Fears Further Iran-Contra Disclosures" (Financial Times) and "Poindexter Will Be Next Target in Iran Case" (Independent).

"Poindexter Evidence Could Be 'Explosive' for Reagan"

According to the centrist Independent's Washington correspondent Alexander Chancellor, "Lt. Col. Oliver North's mesmeric performance as a witness in the Iran-contra affair has greatly enhanced his own standing with the American public, but has also aggravated the problems of the President he claims to revere...

"Admiral Poindexter's testimony is unlikely to rival the Colonel's as theater, for he is hardly a charismatic figure. But, since the death earlier this year of former CIA Director William Casey, the Admiral is the only person with intimate knowledge of the Iran-contra operations who regularly saw the President...

"Unlike Colonel North, the Admiral has already been extensively questioned in private, and leaks from the Congressional committees have suggested that his evidence could be 'explosive' in what it reveals about the President's knowledge..."

Polls Show Americans Believe North

The conservative Times' Washington correspondent Michael Binyon filed, "Lt. Col. Oliver North resumes his extraordinary Congressional testimony today, buoyed by opinion polls showing that more than twice as many Americans believe he rather than President Reagan is telling the truth...

Monday, July 13, 1987

"Today is likely to be the Colonel's last day on the stand. Tomorrow, Admiral Poindexter begins testifying. This is now considered immeasurably more important after Colonel North's assertions that he kept Admiral Poindexter informed at each stage, and the Admiral's reported remark last November that Mr. Reagan never knew of the diversion of proceeds."

WEST GERMANY: "North: For Reagan, a Highly Welcome Success"

Bonn's conservative Die Welt commented editorially, "During these four days North gave a more convincing rendition of (U.S. Nicaragua policy) than any politician before him, including the 'great communicator' Reagan...

"For Ronald Reagan, North's testimony was an unexpected but highly welcome success. In the past four days North has willingly and courageously played the role of scapegoat..."

"Casey Will Have to Bear Responsibility for Iran-Contra"

Left-of-center news magazine Der Spiegel said, "According to the view held by many members of Congress, it will probably never come out whether Reagan personally approved the diversion of funds to the contras. The majority no longer believes that Poindexter's questioning will result in a clear answer.

"This makes clear that deceased CIA Director Casey will have to bear the main responsibility for the Iran-contra scandal at the conclusion of the Congressional investigations..."

The Collapse of the Constitution?

An editorial in liberal Hamburger Morgenpost observed, "Applauded by a blind and gullible public openly admiring lies and illegality and brainwashed by a rigid film culture, which will even allow the worst criminal to pose as a hero, the United States is experiencing the collapse of its Constitution. After that, the President will be allowed to do just anything..."

ITALY: "Ollie Is More Credible Than Ron"

These were Italian headlines today and over the weekend: "Inouye: 'We Still Don't Have Elements for Reagan's Impeachment'...Courage, Marine North, America Is With You" (Corriere della Sera), "America Sides With North Now" (La Stampa), "Colonel Superstar" (La Repubblica), "Ollie Is More Credible Than Ron" (Il Messaggero) and "Inouye: 'Here Is Evidence; Reagan Is Guilty'" (Stampa Sera).

Monday, July 13, 1987

"The Irangate Incident was nothing more than a political dispute, but it was soon grossly exaggerated to such proportions that it now affects the Administration and policy-formulation of the United States..."

"The media are to blame for the undue publicity accorded the covert arms deal with Iran..."

"Responsibility on the One Who Was Elected"

The pro-PRC Tin Tin Daily said, "After the four-day hearings of Lt.-Col. North, the analysts of Washington pointed out: (1) based on what North had said, there are enough reasons to 'assume' that the transfer of proceeds to the contras had received tacit or non-tacit approval from the president, (2) Under the U.S. Government system, it is concluded that there is no other person except the President who can approve the actions of North.

"North refused to answer some of the questions....Analysts concluded that the responsibility has clearly fallen on the one who was elected by the Americans, not the Marine lieutenant-colonel..."

SOUTH KOREA: "Final Phase"

Independent Hankook Ilbo on Saturday ran the report of a correspondent that "with the testimony of Lt. Col. North before Congress, the so-called Iran-contra scandal seemed to have entered the final phase.

"Since col. North did not clearly mention President Reagan's advance knowledge of the diversion of the arms sale profits, the President has won immunity from responsibility for the Iran-Contra affair.

"Even though he has become free from political responsibility for the affair, however, the affair will remain a political burden for him during his tenure in office."

THAILAND: "Scandal Just Getting Into High Gear"

The independent Nation said, "The Iran-contra arms scandal is just getting into high gear and former aide...Lt. Col. Oliver North has started to throw many a spanner into the investigation...

"North, of course, according to the Democratic Congress, is small fry while it is mainly after the President..."

Foreign Media Reaction

Tuesday, July 14, 1987

Daily Digest

NORTH TESTIMONY--Some reports abroad saw President Reagan and the contra cause as benefitting from Colonel North's "enormous popularity." Others judged that the former White House aide's testimony and Admiral Poindexter's upcoming appearance could spell "trouble" for Mr. Reagan and other high-level officials in the Administration.

BRITAIN: "Reagan Denies Poindexter Briefed Him on Arms Cash"

London dailies headlined today: "Irangate Fund Short-Term, Says North" (Daily Telegraph), "North Confirms British Link With Irangate" (Guardian), "White House Denies Reagan Briefed on Covert Arms Profits...Poindexter Set to Take the Stand" (Financial Times), "Congress Tries to Stem the 'Olliemania' Tide...Reagan Denies Poindexter Briefed Him on Arms Cash...The Knives Are Out for Poindexter" (Independent).

"White House Indignantly Denies Poindexter Briefed Reagan"

The liberal Guardian's Washington correspondent Michael White reported, "The White House was stampeded yesterday into indignantly denying that President Reagan was briefed by Admiral Poindexter about the diversion of Iranian arms profits to the contras even before the former National Security Adviser has actually testified on the crucial point.

"In jittery contrast to last week's posture of detached composure in the face of whatever Admiral Poindexter or Colonel North might tell the Congressional inquiry, the Presidential spokesman, Mr. Marlin Fitzwater, issued a pre-emptive denial..."

"Drama in Washington Tells Us Something About U.S. Democracy"

An editorial in the conservative Times commented, "The drama in Washington...touches on issues, all-important for the peace of the world and the survival of the our freedoms, about how to counter terrorism.

"It poses grim questions about how a nation can engage in what are necessarily covert operations within the framework of a free Western society. It is also bringing to light serious flaws in the White House's machinery of government.

"But it is worth noting, too, that it tells us something about the nature of a democratic system which is part of the United States' great strength."

Tuesday, July 14, 1987

SOVIET UNION: "North Testimony to Congress"

Moscow TASS was reported today as having run this byliner's view last Thursday: "The most important result of North's two-day testimony is undoubtedly the fact that it is completely obvious that official leaders of U.S. foreign policy constantly knew very well all about his actions.

"High-ranking representatives of the Administration including Presidential assistants McFarlane and then Poindexter, let alone Casey, the CIA Director, knew his every step. Secretary of State Shultz was also sufficiently well informed on the essence of the operations conducted by North and his personal role in them...

"(North) is now rather clumsily trying to prove that he does not know whether President Reagan was informed about his actions..."

AUSTRALIA: "Iran Caper Badly Judged, Appallingly Executed"

The independent Australian Financial Review, in an editorial today, called it "disturbing" that the Iran-contra affair "has either stimulated or coincided with a truly drastic decline in the authority of the U.S. Presidency just when there are vast changes taking place in the structure of the world economy and in the administration of the Soviet Union...

"The Iran-contra caper was badly judged and appallingly executed. It will be a major tragedy if the incompetence of an American Congressional committee or the cheap chauvinism of a gaudy Marine fail to make this plain to the American nation."

SRI LANKA: "American Glasnost"

The independent, English-language Sun's editorial depicted the North testimony as "a demonstration of the people's right to know what has been done in their name by their leaders...

"Even Mikhail Gorbachev may agree it's an example of true democratic 'glasnost.'..."

ISRAEL: "Peres: North Was Scapegoat for Everyone"

The liberal Jerusalem Post reported under the above headline, "Foreign Minister Peres said yesterday 'everyone involved in the Iran-contra affair knew more than they admitted to knowing about the transfer of funds to the contras, and attempted to lay the blame on Lt. Col. Oliver North...

Tuesday, July 14, 1987

"Deeply Disquieting for the Rest of the World"

Conservative Journal de Geneve's editorial said, "The fault is not so much North's as that of the people above him, right up to the President himself....North recognized that there was a power vacuum, and he filled it enthusiastically in the can-do spirit of the good fighting Marine. The tragedy is that this series of fits and starts, this mixture of slackness and individual initiative, served as the foreign policy of the world's major power and the leader of the West.

"The moral and political consequences of Irangate are largely a domestic American matter. But the lack of a real foreign policy that they reveal is deeply disquieting for the rest of the world."

SPAIN: "North Has Finished Off With the Administration"

Barcelona's centrist La Vanguardia ran Washington correspondent Rafael Ramos' report under the headline "North Convinces America of His Innocence and Makes His Superiors Responsible for Irangate." It said, "North, without wanting, has finished off with the Administration, involving more than before the highest officials of the country, including President Reagan...."

PORTUGAL: "Reagan Profits From Sympathy for North"

Yesterday's leading independent Diario de Noticias concluded, "No matter what happens in the inquest, and apparently regardless of the possible implications of North's testimony...Reagan profits from the sympathy surrounding the 'witness.' In fact, North's charm has managed to reverse the game in such a way that attention now seems to be focused on the methods used by the committee..."

NORWAY: A Growing Wariness in Future of Undercover Operations?

According to Oslo's conservative Aftenposten, writing yesterday on the "encouraging" nature of the hearings, "More than any other nation, the Americans have a convincing ability to correct themselves, to brutally point out weak points and make unsentimental changes.

"We have every reason to believe that the result this time will be a President who is stopped from making more mistakes in his last one-and-a-half years in office--and a growing wariness in the future of undercover operations carried out by political fanatics."

Foreign Media Reaction

Wednesday, July 15, 1987 Daily Digest

IRAN-CONTRA HEARINGS--Foreign media looked forward to Admiral Poindexter's appearance and what light it could shed on President Reagan's responsibility. Writers also focused on the discrepancies between the North and McFarlane testimonies and on Mr. Reagan's reaction to the hearings.

BRITAIN: "You Won't Shut Me Up, Reagan Tells Critics"

Among London headlines today were: "North Tells of $1 Million Bribe Offer" (Times), "North's Testimony Disowned by His Ex-Boss...White House Raises Stakes in Bid for Contra Aid" (Guardian), "You Won't Shut Me Up, Reagan Tells Critics" (Daily Telegraph), "McFarlane Hits at North Claims" (Financial Times) and "North Bows Out a Subversive Hero...Reagan Says He'll 'Yell' for More Contra Aid" (Independent).

"McFarlane Gave Boost to Administration"

The independent Financial Times' Washington staff reported, "Mr. Robert McFarlane...last night disputed key elements in the testimony of Lt. Col. North...

"Mr. McFarlane in effect gave a boost to the Administration by reviving the impression of Colonel North as an officer acting to some extent on his own initiative..."

"White House High-Risk Strategy on Contra Aid"

Washington correspondent Michael White said in the liberal Guardian, "The White House is planning a high-risk strategy of cashing in on Colonel North's stirring accounts of the communist threat to Central America, by trying to increase aid to the Nicaraguan contra rebellion--probably doubling it during President Reagan's last 18 months in office to $300 million...

"The irony of the move is that many right-wingers have long shared Colonel North's stated belief that Mr. Reagan should have done what the Marine has now done--confront Congress head-on over the policy..."

"Reagan Announces: 'You Won't Be Able to Shut Me Up'"

The conservative Daily Telegraph's Washington correspondent Hugh Davies observed, "President Reagan, obviously irritated by suggestions from the Irangate committee that he has lied,

Wednesday, July 15, 1987

VENEZUELA: "President Ollie"

Under the headline "President Ollie," a columnist wrote in yesterday's centrist Diario de Caracas, "Simple answers to complex realities plus the magic of television are the perfect mix to forge heroes in the United States. It does not matter that the testimony of North gives a cold shoulder to the uncomfortable mechanisms of democracy and shows a certain inclination by the executive head of the White House to say one thing in public and do another in private...

"If an actor who interprets the role of hero in the movies can become President of the republic, why can't it be done by a hero from real life?..."

HONDURAS: "Paradox of a Nation That Wants to Lead"

Tegucigalpa's conservative La Prensa stated in an editorial Monday, "North has been consistent in his objectives and responsibilities. This has made him a star. From the accused he could turn into the accuser, from the villain to the hero.

"This is one of the paradoxes of a nation that wants to lead, but now--tangled up in its own web--does not know how to face the serious problems its rivals will not hesitate to take advantage of to further their own interest."

MEXICO: "Missing: Determining Reagan's Responsibility"

Leftist, nationalist Unomasuno carried an editorial yesterday saying, "It is possible to make a preliminary assessment of the results and effects of North's dramatic statements.

"No doubt there were violations of the law, otherwise there would not be an explanation to the secret arms sale and the assistance to the anti-Sandinista rebels. What is missing is to determine President Reagan's responsibility, which will be known once former National Security Adviser Poindexter testifies..."

SENEGAL: "It Is a Shame That North Attacks the Congress"

Saturday's semi-official Le Soleil carried an editorial which praised the strength of the American system and condemned Colonel North's attack on Congress.

It said that "by his revelations North is hurting others more than himself...

"It is a shame that today he attacks the Congress, the American institution that acts as a true guarantor of a democracy in danger, and whose only sin is having a democratic majority... Some hero!"

NIGERIA: "North's Contingency Plans to Suspend Constitution"

Kwara state-owned The Herald, as reported in a press roundup yesterday, wrote: "So former White House aide, Lt. Col. Oliver North, drew up contingency plans to suspend the U.S. constitution and impose martial law in the event of widespread opposition to a U.S. invasion abroad?

"Those who refused to acknowledge the grave danger of the U.S. invasion of Libya...last year must now begin to do a rethinking."

IRAN-CONTRA HEARINGS

Britain "McFarlane Hits at North Claims" (Financial Times)

The independent Financial Times' Washington staff reported today, "Mr. Robert McFarlane...last night disputed key elements in the testimony of Lt. Col. North...

"Mr. McFarlane in effect gave a boost to the Administration by reviving the impression of Colonel North as an officer acting to some extent on his own initiative..."

"White House Raises Stakes in Bid for Contra Aid" (Guardian)

Washington correspondent Michael White said in the liberal Guardian, "The White House is planning a high-risk strategy of cashing in on Colonel North's stirring accounts of the Communist threat to Central America, by trying to increase aid to the Nicaraguan contra rebellion--probably doubling it during President Reagan's last 18 months in office to $300 million...

"The irony of the move is that many rightwingers have long shared Colonel North's stated belief that Mr. Reagan should have done what the Marine has now done --confront Congress head-on over the policy..."

"You Won't Shut Me Up, Reagan Tells Critics" (Daily Telegraph)

The conservative Daily Telegraph's Washington correspondent Hugh Davies observed, "President Reagan, obviously irritated by suggestions from the Irangate committee that he has lied, announced yesterday that

Wednesday, July 15, 1987

SWEDEN: Congressmen Too Concerned With Saving Their Own Skins?

Stockholm's liberal Dagens Nyheter ran this editorial view: "People may realize that it is not only wild CIA plans to get around Congressional control which have been revealed. North is pushing the responsibility for what happened upward.

"This is not to say that Ronald Reagan will ever personally be put in a hopelessly compromising position. Few Americans believe that the President or Oliver North have told the truth in the Iran-contra affair, but many are reacting to the fact that Congress is clamping down on the White House. And this sad affair will not end well if Congressmen become too concerned with saving their own skins."

DENMARK: "Reagan Has the Political Responsibility"

An editorial in left-of-center Politiken commented, "Now Poindexter remains as the principal witness in the affair. It is difficult to see how he may have any other options but to point to Reagan or to personally assume the entire part of the responsibility that he cannot assign to Casey.

"But regardless of what happens, Reagan has the political responsibility for both the scandal and for the many dubious attempts to evade this responsibility."

IRELAND: Why Did Reagan Not Know?

In the view of the conservative Cork Examiner, "Surely the whole point about the Irangate affair is not so much whether President Reagan knew or not, but if he did not, why not? Presidential responsibility is not something that can be shrugged off by pleading ignorance, even though it is early days yet to come to any such conclusion."

TURKEY: "Bold Thief"

Yesterday's independent Hurriyet published a byliner's opinion under the above headline saying, "The present day American public seems to have found the new 'national hero,' whose absence was felt for a long time....Lt. Col. North is rising from the witness chair as the person answering the average American's search for a strong, effective, outspoken, and 'decent' leader."

Wednesday, July 15, 1987

FRANCE: "McFarlane Unable to Compete With Brilliant Colonel"

According to France-Inter radio, "McFarlane was unable to compete with the brilliant Colonel....No, decidedly, he cannot be a star in this series--since the issue is a real series--which is replacing the soap operas or sort of stupid games which are the daily distraction of the U.S. housewife.

"U.S. strategic interests are likely suffering in the short run but it is always impressive to note the intensity of the debate on the importance of the Constitution and of the force of laws in this country."

"Poindexter Testimony Will Be Very Important"

Parisian headlines included: "Ollie, the U.S. Hero" (France-Soir), "Poindexter Testimony Will Be Very Important" (Figaro) and "Reagan Not Cleared Yet" (Parisien).

"North Incarnates the American Dream"

Mass-appeal France-Soir ran this report by Judith Weiner in New York, "Since the assassination of John Kennedy, America was looking for a hero. It found it unexpectedly in the person of Lieutenant Colonel North, a Vietnam veteran and the key man of Irangate...

"Oliver North incarnates the American dream."

"Poindexter Can Tell: Did He Inform Reagan?"

Conservative Figaro's New York correspondent Jean-Louis Turlin filed, "Poindexter is the only one who can answer the key question of the affair: did he or didn't he inform the President of the diversion of funds to the contras? If he did, did the President support the plan?...

"As to President Reagan, he showed in leaving for a campaign tour that he is not afraid of this testimony either."

ITALY: "McFarlane Says North Is Lying"

Today's dailies in Italy headlined: "North, a Triumphant Farewell" (La Stampa), "North Wins Hands Down in Congress With Show on Contras" (Il Messaggero), "Reagan: 'I Will Speak Up When Everything Is Over'" (Il Giornale), "Irangate, Reagan Smiles Now" (Il Tempo) and "McFarlane Says North Is Lying" (Avanti).

Wednesday, July 15, 1987

"First Blow Dealt to Ollie's Patriotic Truth"

Enrico Franceschini's report from New York in leftist La Repubblica read, "The patriotic truth presented by 'Rambo' Ollie...was dealt the first heavy blow yesterday: McFarlane ...fully denied that North was acting with his approval in the secret negotiations to sell weapons to Iran and send funds to the contras..."

"Reagan Cherishing North's Popularity"

Washington correspondent Ennio Caretto wrote in centrist La Stampa, "North's departure was almost triumphal and was only partially spoiled by McFarlane's contradiction of his story...

"Reagan, who is regaining his self-confidence, is cherishing North's popularity. In a meeting at the White House with Congressional leaders, he reiterated his noninvolvement in Irangate and informed them that 'when the inquiry is over, nobody will be able to shut me up.'...

"The two hottest weeks for the Reagan Administration...are likely to conclude with less damage than was expected..."

"White House Delighted to Exploit Wave of Sympathy for North"

Roberto Pesenti observed from New York in Rome's centrist Il Messaggero, "With a surprise propaganda move, Colonel North turned the last day of his testimony...into a national public relations campaign for the contras...

"The White House was delighted to exploit the wave of sympathy for the Colonel and his crusade. President Reagan immediately relaunched his policy of support for the anti-Sandinistas..."

SWITZERLAND: "North Has Done More for the Contras' Cause"

Center-right Journal de Geneve's report said, "Not only has North managed to put in a 'firebreak' to protect the President, but he has done more for the contras' cause than any number of speeches by Administration figures.

"North and Poindexter...are totally different personalities.... The latter won't be able to make the impression on the investigators that North has..."

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"A Transparent and Pitiful Moral Screen"

Renzo Cianfanelli's dispatch from New York on the front page of leading centrist Corriere della Sera referred to the arms-for-hostages testimony and said, "With Poindexter's testimony...the excuse of amnesia, insisted upon by the White House, is reduced to just a moral screen which is transparent and pitiful..."

"Absolution Because of Lack of Evidence"

Leftist La Repubblica's Washington correspondent Vittorio Zucconi held, "The price Reagan had to pay for his safety is not a small one...

"North and Poindexter saved the President's legal position but damaged his political position. The final defense in which Reagan took refuge is really an absolution because of a lack of evidence...

"We don't know what Reagan remembers or has forgotten. We only know that we don't know..."

"Poindexter Destroyed the Myth of Reaganism"

Ennio Caretto judged from Washington in centrist La Stampa, "Poindexter cleared Reagan and the nightmare of a second Watergate is coming to an end...

"While Reagan and Reaganism are absolved from legal responsibility in the Iran-contra affair, the same is not true for their political responsibility. Even though there is no new development...the President will not succeed in regaining the credibility he has lost. Yesterday, the ex-NSC Adviser destroyed the myth of Reaganism..."

"Reagan Is Safe"

In the opinion of Washington correspondent Alberto Pasolini Zanelli in leading conservative Il Giornale, "Ronald Reagan is safe from a legal, constitutional and judicial point of view. There will not be another Watergate and nobody is even thinking about impeachment any more..."

"President Is Coming Out Battered"

A front-page summary in Rome's centrist Il Tempo said, "The U.S. President, even though he succeeded in avoiding the ghost of impeachment, is coming out battered from an affair which is not over yet and which is still full of unanswered questions..."

Friday, July 17, 1987

"It is important to follow closely the developments of this investigation because it represents a lesson of practice of democracy."

NICARAGUA: "Poindexter Saves Reagan From Being Tried"

Pro-Sandinista El Nuevo Diario front-paged this headline, "Poindexter Takes the Blame," adding that the Admiral had taken the blame "in order to save the top villain" and that "with his mea culpa, Poindexter saves Reagan from being tried."

ZAMBIA: Headline Treatment

In a front page lead, today's Government-owned Zambia Daily Mail headlined "I Shielded Reagan, Says Poindexter," while the ruling UNI Party's Times of Zambia headlined "Reagan Is Safe in Seat."

POINDEXTER TESTIMONY

Italy	"Reagan Has Overcome Storm, He Blames It on Poindexter Now" (Corriere della Sera)
	"America: Enough of Irangate" (La Stampa)
	"Who Is in Charge at the White House?" (Communist l'Unita)
Israel	"Credibility Open to Question" (Yediot Aharonot)
	"Charisma and Long-Lashed Blue Eyes" (Maariv)

THE NUB

Today's foreign reports described Admiral Poindexter's testimony as having "taken the sting from the scandal," though most agreed that "a long time will be necessary to repair the damages caused to the credibility of the President."

Friday, July 17, 1987

ISRAEL: "Reagan's Credibility Open to Question"

Conservative Yediot Aharonot's Washington correspondent Erol Guiney wrote, "Following Admiral Poindexter's testimony, President Reagan no longer faces the danger of impeachment. However, Poindexter's testimony corroborated the impression that Reagan did not tell the truth on several important points: the role of the White House staff in assisting the contras and the objective of Israel's arms sales to Iran...

"The President's credibility therefore remains an open question."

"Charisma and Long-Lashed Blue Eyes"

Middle-of-the-road Maariv's Washington correspondent filed, "North is, among other things, a master liar. By putting in motion a dubious policy of his own, he managed to do incredible harm to his country's prestige...

"His charm and eloquence did not impress the Iranian officials he dealt with: Washington-Tehran relations did not improve, most of the American hostages were not released (and new ones were taken), and the contras have not accomplished much. It is depressing to see so many citizens of this great nation succumb to the charms of a man who has only charisma and long-lashed blue eyes to go for him."

MEXICO: "What Has Happened to the Government's Credibility"

Yesterday's leftist, nationalistic Excelsior ran an editorial saying, "Poindexter chose to assume responsibility for the illegal diversion of funds to the Nicaraguan counterrevolutionaries. The political purpose...was to protect President Reagan...

"What has happened to the Government's credibility and its respect for Congress and legality?"

[redacted]: "Reagan Enjoying a Sort of [redacted]"

According to independent, nationalistic Jornal de Brasilia, "Even if it is proved that the President lied to the nation, Reagan is already enjoying a sort of popular amnesty. Public opinion polls show that a great number of Americans believe that the President lied, but they also think that his fault is justifiable.

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POINDEXTER TESTIMONY

Italy - "Aware of the almost irreparable damage suffered by his credibility...President Reagan has started his counteroffensive, announcing measures aimed at preventing the National Security Council in the future from hiding the truth to Congress, and preparing a speech to the nation in which he will try to capitalize on Colonel North's success..."

"Who Is in Charge at the White House?" (Communist *l'Unita*)

In the opinion of Communist *l'Unita*, "Poindexter's testimony is like a double-edged sword for Reagan. By claiming that he deliberately kept the President in the dark on the diversion of Iranian payments to the contras, Admiral Poindexter cleared him on the point which could have led to his impeachment. However, he created a hornet's nest on the subject of who governs the country. Even the White House now asserts that it was a 'disservice.'"

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POINDEXTER TESTIMONY

West Germany

"Good News for Gorbachev" (Frankfurter Allgemeine)

Conservative Frankfurter Allgemeine's editorial said, "The fact that the supreme commander knew nothing about significant decisions on government policies or that he was deliberately kept ignorant of what was going on, is good news for Gorbachev. On the domestic front, the still popular Reagan will survive the aftermath of the affair..."

"Reagan's Leadership" (Stuttgarter Zeitung)

An editorial in liberal Stuttgarter Zeitung wondered, "What type of leadership is this when it is deliberately kept ignorant about far-reaching activities in a sensitive area? What type of leadership is this that apparently tolerates a mentality which shows little regard for democratic control and puts priority on pushing through a predetermined political course?...

"Can a leading Western power afford such a style of leadership in the long term? Gorbachev's enhanced image particularly in the FRG and Reagan's decline in the public image should make us stop and think about this."

Italy

"Reagan Has Overcome Storm, He Blames It on Poindexter Now" (Corriere della Sera)

Renzo Cianfanelli filed from New York in leading centrist Corriere della Sera, "Ronald Reagan has perhaps overcome the main obstacle. Thanks to the astute move of Admiral Poindexter...the President can heave a big sigh of relief...

"As everybody knows, however, gratitude has very short roots in politics....While Poindexter was doing his best to save the President...the President was attacking and blaming him through his spokesman..."

"America: Enough of Irangate" (La Stampa)

Washington correspondent Ennio Caretto noted in centrist La Stampa, "Reagan is safe; Reaganism has died; America is sick and tired and North is its king...

Friday, July 17, 1987

NORWAY: "Essential Difference" Between U.S., USSR

Conservative Aftenposten of Oslo noted, "(North's) actions have harmed the U.S. reputation abroad. But the American superpower has a political system which ruthlessly swoops down on citizens of his kind. The Soviet superpower closed the doors when the people responsible for the Chernobyl accident are taken to court.

"The TV thriller with North in the lead points out this essential difference."

SPAIN: "Reagan: Not an Effective President for Nine Months"

A correspondent's dispatch in Barcelona's leading centrist La Vanguardia read, "The President has avoided the humiliation of having to abandon power...as the result of an impeachment, but little more. In fact, he has not been an effective President for nine months, he has lost a good part of his credibility and leadership capacity and he is simply...waiting for the Presidential elections to take place..."

PORTUGAL: "Administration Will Have Difficulty Recovering"

Lisbon's leading independent Diario de Noticias said, "Poindexter's remarks have revealed the contradiction between the words and the deeds of both the Government and the President of the United States, contributing to a rapid loss of domestic and foreign credibility...

"Whatever the result of the Irangate case, the Administration will have difficulty fully recovering."

HONG KONG: "Reagan and His Scapegoats"

The pro-PRC New Evening Post's commentary, headlined as above, asked today, "Did (Poindexter) make up the story in order to protect Reagan? Absolutely probable...

"The President always becomes muddle-headed at the key moment of the key issue. Is he really that muddle-headed?"

SINGAPORE: "President Must Act to Restore His Credibility"

An editorial in the English-language Straits Times said, "The melodrama is far from over....But President Reagan should not wait for the hearings to run their course or for the dust to settle before acting to restore his credibility, to show that the buck does stop with him...

7/20/87

IRAN-CONTRA AFFAIR

Britain "Inaction Man Catches the Fall-Out From North's Star" (Sunday Times)

The conservative Sunday Times' correspondent in Washington, Will Ellsworth-Jones, reported yesterday, "The two men are different characters, but the effect of their testimony over the past two weeks has been much the same: to paint such a devastating picuture of the White House that Ronald Reagan will spend his last 18 months in office more as a ceremonial monarch than a powerful President.

"The main difference between the two men's testimony is that North at least helped his own cause; Poindexter helped neither himself nor the President..."

"'Fuzzy' Admiral Produces Lots of Smoke but No Fire" and "Pious Rhetoric of the Irangate Lynch Mob" (Sunday Telegraph)

In the view of the conservative Sunday Telegraph's Washington correspondent David Blundy, "The Admiral, whose bland testimony has lulled a nation to sleep and taken the hearings off two of the three major U.S. television networks, quietly defused the bomb ticking under the President which could have led to his impeachment.

"It was a temporary lull....Although Poindexter confirmed what Reagan has been saying for months, the opinion polls showed that two-thirds of the U.S. people think Poindexter is still covering up for the Administration and the President and three-fifths think Reagan is not telling the truth..."

"Such a situation remains quiescent when strong presidents are in power, but that isn't the case today. The result has been to make U.S. foreign policy increasingly dependent on a domestic policy which is always on shifting sand..."

YUGOSLAVIA: Irangate Stalling Euromissiles Agreement?

Belgrade's Politika on Friday featured this byliner's commentary on the hearings, "There had been a conviction that agreement on Euromissiles would be made soon and that Gorbachev would be Reagan's guest before 1987 ends. That has not been eliminated as a possibility, but there is an air of stalling due to Irangate."

SOUTH KOREA: "Problems and Doubts Remain"

Conservative Chosun Ilbo headlined Washington correspondent Byun Yong-shik's dispatch Saturday "President Reagan Avoids Dishonorable Discharge Crisis." The correspondent noted, "President Reagan seems to have gotten out of the political crisis caused by the Iran-contra affair, thanks to Poindexter's faithful and advantageous testimony...

"Even though the President did not know about the diversion, the Iran-contra affair left many problems and doubts. This is because one cannot help but doubt whether Casey really did not report to the President, considering the friendly relationship between him and President Reagan."

HONG KONG: "Mistakes Which American People Can Forgive"

Today's editorial in the independent Ming Pao Daily News concluded, "(The witnesses') testimonies all seem to point to the following conclusion: Reagan was just a little 'senile' and 'negligent' in supervising his subordinates. He 'miscalculated' the results of his covert missions and became 'forgetful' when pressed to untangle the whole mess. These are mistakes which the American people can forgive..."

PHILIPPINES: "It Matters Little Will of People Was Subverted"

A columnist wrote in Saturday's anti-Aquino Manila Standard, "It is easy for those involved in the Iranscam to justify their actions. 'Higher' causes can be found to excuse manipulation of socio-political processes...

"It matters little that the will of the American people was subverted in the process, nor that the very spirit of democracy...was destroyed....But the point has been made, the righteous consider themselves a law and a power unto themselves."

Monday, July 20, 1987

ITALY: "Reagan, the Magic Is Over"

Centrist Corriere della Sera's lead editorial, headlined as above, judged today, "The legal crisis (for President Reagan) is over; the threat of an impeachment has vanished; Reagan will be able to govern for the remaining 18 months of his mandate.

"However, under what conditions? Even if the legal crisis is over, the psychological crisis remains open and, furthermore, it seems to have become more serious..."

DENMARK: USSR Might Profit From U.S. Democratic Courage

According to Copenhagen's tabloid B.T. over the weekend, "The White House does not stink as it did during Nixon's Presidency. But the Congressional hearings have still been painful for the Reagan Administration because they revealed to the entire world that the 77-year-old President is not always aware of what goes on around him.

"But more than anything, the affair has confirmed the U.S. courage with regard to castigating people who do not respect the rules of democracy...

"A certain other superpower which is currently busy introducing 'glasnost' might profit from borrowing just a tiny fraction of the American political tradition..."

FINLAND: "Reagan Was Right on the Contras"

Liberal Swedish-language Hufvudstadsbladet pointed out in an editorial over the weekend, "What is interesting in the hearings is that they seem to have strengthened American opinion that the Senate and the House of Representatives, with their bills and directives concerning assistance to the Nicaraguan counter-revolutionaries, were wrong, and that President Reagan, who wants to support the contras, was right from the very first and that North, despite dubious methods, fought for the right and proper course."

SWITZERLAND: "U.S. Foreign Policy Dependent on Domestic Policy"

Independent Le Matin Dimanche declared, "The basic problem underlying the Iran-contra affair is that since Vietnam and Watergate the Congress has been increasingly demanding not only a hearing on shaping American foreign policy, but the deciding voice in it.

Tuesday, July 21, 1987

AUSTRALIA: "Experiment in Masochism"

In the view of a byliner remarking on the Iran hearings in the independent Australian, "What we are witnessing today (is) an experiment in masochism, which with every day that passes brings a great nation into contempt, and weakens its power to defend even its own strategic interests...

"Who finally speaks for the United States? And, once its word is given to allies fighting for their country or their lives, can it be relied upon?..."

INDIA: "Reagan Is in for a Long, Drawn Out Battle"

Madras' independent Hindu concluded in an editorial, "What is bound to haunt the White House in the weeks to come is the assertion of Poindexter that Reagan went for an arms-for-hostages deal....Reagan is in for a long, drawn out battle, for there are many in the United States who are convinced that the whole truth is quite far away but must be got."

BRAZIL: "Reagan Will Come Out Demoralized"

Paulo Francis filed from New York over the weekend in liberal Folha de Sao Paulo, "There is no doubt that Reagan will come out of this episode demoralized....Poindexter had a photographic memory but seems to have forgotten a lot in relation to Reagan's participation in the scandal. Even the great public may perceive this..."

PARAGUAY: "Hardly Reassuring"

A columnist for the Sunday magazine of leading pro-Government Hoy observed about Poindexter's testimony, "It is certainly important that a President be legally innocent, but being ingenuous, particularly in the case of the most economically and militarily powerful country of the world, is hardly reassuring."

Thursday, July 23, 1987

"A Greater Political Role in the Future"

The liberal Guardian speculated: "It is the fair-minded comment of a chairman determined that the Iran-contra hearings are not the 'show trial' which some Republicans have claimed they are.

"By holding steady, in the face of fire, Senator Inouye has clearly put down markers for a greater political role in the future--perhaps Senate majority leader, or even the first Japanese-American on a Democratic ticket."

"Meese Under Close Scrutiny"

The paper's Washington correspondent reported: "The embattled Attorney General, Mr. Edwin Meese, is coming under close scrutiny from the Iran-contra special prosecutor, Mr. Walsh...

"More serious is the suspicion that Mr. Meese may have been involved in a cover-up. At issue is whether the Attorney General tipped off Lt. Col. North that an investigation was underway, giving the Marine enough time to destroy key documents...

"There are also indications that Mr. Meese...discussed with Lt. Col. North whether the aide should seek legal advice..."

WEST GERMANY: "The Power of Morality"

Liberal weekly Die Zeit of Hamburg carried a lead editorial under the above headline which noted, "The central question is who is responsible for U.S. foreign policy: misguided toadies in the White House basement or the constitutional organs in full light of the public?

"Our governments cannot and may not operate covertly. Without the citizen's right to know there is no governmental accountability, and without governmental accountability there is no democracy..."

Friday, July 24, 1987

FRANCE: "Shultz Did Not Mince Words"

Europe One radio's Washington correspondent Jean-Pierre Joulin reported, "The Secretary described at length how the men of the White House kept him in the dark concerning their activities and how they were hiding the truth from the President.

"He described the formidable battle which took place among members of the Administration and White House advisers....He did not mince his words..."

"Shultz Settles His Accounts"

Left-of-center Liberation's report from Washington correspondent Francois Sergent read, "The Secretary did not want to be here. He had to face ridicule and explain that, for two years, he was disposessed of his prerogatives by the cowboys at the White House....Several months later, Shultz is still hurt...

"Of all those who came to testify, Shultz is the first to dare criticize the policy which led to the disaster of Irangate. He did not mince his words..."

WEST GERMANY: "Who Determines Foreign Policy?"

Under this headline, conservative Frankfurter Allgemeine said, "The hearings have become the scene of conflicts between the majority Democrats and Reagan's Republicans. Facts are no longer very important...

"The Iran affair cannot be compared with Watergate. Reagan will not be relieved of office. But the White House still has its worries.

"The President, whose energy came from the affection and the trust of Americans, is finding it difficult to cope with his loss of authority..."

ITALY: "Shultz Contradicts North and Poindexter"

Correspondent Renzo Cianfanelli filed from New York in leading centrist Corriere della Sera, "Never before has the split in the Reagan Administration on the Iran-contra scandal emerged so clearly.

"With irritation barely concealed by an impassive mask and a monotonous voice, Secretary Shultz got a load off his mind contradicting North and Poindexter and revealing that he was systematically passed over and left in the dark about such a major and sensational turn in U.S. foreign policy..."

7/27/87

IRAN-CONTRA HEARINGS

Britain "The latest blow to the President's integrity coincided with reports that a secret commando and intelligence team, under White House control and coordinated by Colonel North, tried to sabotage targets inside Nicaragua back in 1983-84..."

"Mr. Shultz's Sad Lesson" (Financial Times)

In the view of the independent Financial Times, "The tale that Mr. George Shultz told to Congress about the workings of the Reagan Administration was, in its way, even more chilling and disturbing than anything which had preceded it in the long Irangate investigation. Yet it does provide a basis, along with the report of the Tower Commission earlier this year, from which some concrete and general lessons can reasonably be drawn.

"The most important concerns the accountability and the size of the National Security Council..."

France "Shultz Blames Poindexter and Casey" (Le Monde)

Liberal Le Monde's Washington correspondent Bernard Guetta remarked, "Some details were so humiliating that Shultz could have embarrassed himself. But, on the contrary, his performance provoked admiration and sympathy on the part of the committee. After all, although he was treated carelessly, it's under his leadership that the State Department succeeded in the peaceful withdrawal of the Filipino and Haitian dictators, Duarte's election and, most important, the resumption of the dialogue with Moscow.

"The successes achieved under Reagan in matters of foreign policy must be put to his credit....Shulz came to say that the conservatism he defended throughout his life is not compatible with Oliver North's bad novels."

West Germany "Shultz Had Nothing to Hide" (Sueddeutsche Zeitung)

Liberal Sueddeutsche Zeitung said editorially: "It was a pleasant exception that the highest Cabinet member answered the Senators and Congressional members' questions without any lawyers. Shultz answered the questions off the cuff. He had nothing to hide...

Monday, July 27, 1987

"New Evidence Raises Further Questions About North's Testimony"

The middle-of-the-road Observer carried an article which said: "British arms dealers were asked by Lt. Col. North to ship missiles to Iran in November 1984, six months before the time he admitted his involvement in the Irangate scandal began, according to documents obtained by the Observer.

"The new evidence raised further questions about the truth of Colonel North's testimony to the Congressional committee investigating the Iran-contra affair."

FRANCE: "Who Runs U.S. Diplomacy?"

Liberal Le Monde front-paged an editorial on Friday under the headline above which stated that "Shultz's hearing confirms that U.S. diplomacy was conducted in a bizarre way at some point of Mr. Reagan's Presidency...

"The main question is to find out whether the philosophy of the 'founding fathers'--who were rather isolationist--and the institutional mechanisms which they inspired are well adapted to the obligations of a superpower."

"Shultz Blames Poindexter and Casey"

The paper's Washington correspondent Bernard Guetta remarked under the above headline: "Some details were so humiliating that Shultz could have embarrassed himself. But, on the contrary, his performance provoked admiration and sympathy on the part of the committee.

"After all, although he was treated carelessly, it's under his leadership that the State Department succeeded in the peaceful withdrawal of the Filipino and Haitian dictators, Duarte's election and, most important, the resumption of the dialogue with Moscow.

"The successes achieved under Reagan in matters of foreign policy must be put to his credit....Shultz came to say that the conservatism he defended throughout his life is not compatible with Oliver North's bad novels."

WEST GERMANY: "The Constitution Has Stood the Test"

Liberal Stuttgarter Zeitung judged in a Saturday editorial that "once again U.S. democracy--the Constitution laid down 200 years ago--has stood the test. This is the long-term decisive result (of the hearings) which those Europeans should not overlook who otherwise like to kid the naive Americans about their cowboy mentality and the Hollywood actor as President...

Monday, July 27, 1987

"A Lesson in Democracy"

Pro-Christian Democratic Bonner Rundschau stated Saturday in an editorial: "For non-Americans and for many Europeans, in particular the Germans, the hearings of the Iran-contra fact-finding committee are a lesson in democracy...

"Until everything has been brought to the fore, the investigations will not end...and this is the remarkable, intriguing aspect of this self-cleaning process of U.S. democracy..."

"Shultz Had Nothing to Hide"

Liberal Sueddeutsche Zeitung said editorially: "It was a pleasant exception that the highest Cabinet member answered the Senators and Congressional members' questions without any lawyers. Shultz answered the questions off the cuff. He had nothing to hide...

"The Secretary of State is also in an unassailable position. There is no doubt that he was from the outset against the secret shipments of weapons to Iran....Shultz was unparalleled in his declarations of loyalty to the President, although the White House records clearly prove that Ronald Reagan fooled him, too..."

WEST BERLIN: "Shultz Is a Refreshingly Honest Man"

Conservative Berliner Morgenpost emphasized on Saturday that "a President has become the victim of his own palace guards. He got incorrect information. They made him deliver TV speeches and media statements which they knew were false. In order to save face, they ran the risk of the President looking like a fool once light was shed on the matter.

"Secretary of State Shultz's unparalleled, revealing statements before the investigating committee...painted a shocking picture of the U.S. Government...

"Thus it is not surprising that a man like George Shultz tried to throw in the towel several times. The resignation from the political stage of this often stiff but always refreshingly honest man would be a loss for everyone including America's allies."

ITALY: "Shultz, the Secretary Who Did Not Know"

Representative Italian headlines over the weekend were: "Shultz, the Secretary Who Did Not Know" (leftist La Repubblica) and "Irangate: George Shultz Plays It Down" (centrist Il Messaggero).

SENEGAL: "Those Grand Democratic Virtues of America"

In a July 24 editorial, semiofficial Le Soleil said, "Shultz's public testimony reveals once again those grand democratic virtues of America. In another country all that would have been hidden.

"Yesterday, like today, two major forces forced high officials to speak: the press and the Congress. The press by its completely guaranteed freedom and Congress by its obligation and its power guaranteed by the Constitution.

"These two entities constitute without a doubt the soul of American democracy. What makes America's greatness is neither its power as a state nor its military organization but the solidity of its institutions which transcend men and their partisan interests."

INDONESIA: "The Hearings Will Have a Positive Impact"

In a comment today, independent Suara Pembaruan wrote, "The publicity by the world press of the U.S. Senate joint committee hearings has become an educational subject as to the openness of the U.S. Government system...

"In the long run we are sure the wide publicity will have a positive impact toward a wider openness in many other countries."

BARBADOS: "The Buck Is Supposed to Stop at the Top"

The moderate Bridgetown Barbados Advocate's editorial today said, "When Admiral Poindexter invokes the Harry Truman statement, 'the buck stops here' to justify withholding information from the President, the Congress and even his trusted deputy, Lt. Col. North, he sends shock waves through the system.

"This is so because the buck is supposed to stop at the top, not at the level of an unelected official who feels inclined to make his own judgement call as to what the elected President, who in any event is ultimately responsible, ought to know...

"America's allies can have no reason to put any confidence in her foreign policy. Far from being taken seriously President Reagan would reasonably be dismissed, not as a lame duck, but as a dead duck."

USIA/P/M

Foreign Media Reaction

Wednesday, July 29, 1987

Daily Digest

* * * * * * *

MEESE TESTIMONY--Foreign observers pointed out that the Attorney General's testimony supported President Reagan's assertion that he was not informed of the diversion of funds to the contras. Critics noted that Meese "lacked hindsight" and his statements did not make clear his role in the affair.

BRITAIN: "The President Was Surprised"

Writing in today's conservative Times, Washington correspondent Michael Binyon reported: "Mr. Meese testified that when he broke the news to President Reagan that Iran arms sales profits had been diverted to the Nicaraguan contras 'the President was quite surprised and indicated that he had not known of this.'

"His statement further supports Mr. Reagan's assertion that he had been kept in ignorance of the diversion..."

"His Investigation Was Somewhat Lacking"

The liberal Guardian Washington correspondent Alex Brummer reported today: "Mr. Meese effectively acknowledged yesterday that with the hindsight of events his initial investigation of Irangate had been somewhat lacking.

"There was no effort after his interview with Colonel North to secure documents or to bring the Justice Department's criminal division into the investigation.

"It seems to have been only a matter of luck that the memo outlining the diversion was rescued from the National Security Council files before it found its way into Colonel North's shredder..."

Thursday, July 30, 1987

JAMAICA: "North and His 'Terrorists of God'"

Writing in the Jamaican economic magazine, Money Index, Tuesday, a leading Jamaican intellectual stated: "Oliver North's self-righteous indignation is not good for democracy and certainly worse for the third world nations struggling to be themselves...

"People in the Caribbean, which is part of the 'frontier' of North's perception of the world, must pray that he and his large constituency of self-righteous 'terrorists of god' are not let loose in a governmental system which is determined to establish hegemonic control over the Caribbean region."

SENEGAL: "America Never Compromises Its Ideals"

In a Tuesday editorial, the semiofficial Le Soleil noted; "Certain lessons are to be learned from these testimonies: American democracy, which likes to have things crystal clear, gives itself a way to address its own problems.

"The executive cannot get out of control as long as Congress exercises its rights, all of its rights. Just like the press.

"Yesterday it was Watergate, today it is Irangaffe on a different level. But America never compromises its ideals of freedom and democracy."

EXHIBIT GPS-67

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MEMORANDUM

NATIONAL SECURITY COUNCIL

~~SECRET~~

May 18, 1983

ACTION

N 30921

EXHIBIT GPS-67

MEMORANDUM FOR WILLIAM P. CLARK

FROM: WALTER RAYMOND, JR. WR

SUBJECT: Central American Public Diplomacy

3301

We must bring this whole effort into some organizational harmony. I have prepared a memorandum for you to Jim Baker on this subject. The key points will be:

-- to underscore that the White House's "Outreach Working Group for Central America" is a welcome addition to our total efforts to secure support for the President's Latin policies.

-- to emphasize that this group should work in close coordination with the President's Personal Representative Dick Stone who has inter-agency responsibility and chairmanship for our public diplomacy strategy concerning Central America.

From a management point of view Stone would set the basic guidelines, develop the substantive materials, oversee the international program and cooperate closely with the Faith Whittlesey domestic effort. He or his designee would participate in all "Outreach Group" meetings to ensure consistency of policy and themes, to assist in providing substantive support and to collaborate in the domestic effort. While much can be done by Faith's "Outreach Group", some of this work--including Congressional activity, and domestic speeches and articles--is now underway.

Our vulnerability is that neither Dick Stone nor State has done a particularly distinguished job in implementing a "day-to-day" public diplomacy strategy. Stone has worked on the "big picture" and not gotten into some of the detail necessary to make "the wheels turn." State/ARA has been disinterested, incompetent, overworked or all of the above. The contrast to the "Dailey" effort is striking. Peter could rely on an effective inter-agency, and particularly State, commitment and had two very competent staffers to help him with his work.

Changes are needed in how we are to do business. Stone recommends that we simplify our approach to Central American policy making, eliminating certain committees which tend to duplicate and dissipate time. This would mean that the SIG would replace the frequent "Core" and "CPPG" groups which meet. If you wanted to keep a discrete group looking at the covert action dimension, it could be identified as the NSPG Working Group. There is, at the same time, a need to establish an effective IG--now, a Working Group

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meets under Craig Johnstone. This should be strengthened. 30922
Recognizing that you may have to have a White House chair in certain cases, the NSPG Working Group would be a logical vehicle.

The public diplomacy coordinator should participate in the policy making bodies and then work with the "international" Central American Working Group (an upgraded ARA chaired element) and the "domestic" Central American Working Group (Faith's effort). We can not leave something to chance. The office of the Central American public diplomacy coordinator must be strengthened. We have discussed the need to add Mike Ledeen and John Glassman. This should be done immediately. More additions may be needed within the next few weeks. Failing to act on this will mean our international program will be inadequate and our domestic program will go by default to the "Outreach Committee."

Dick Stone's new role as negotiator precludes, in my mind, his continuation as Public Diplomacy coordinator. He accepts this. Fortunately, I believe we have an excellent candidate to take his place: Otto Reich, Assistant Administrator, Bureau of Latin America and the Caribbean, AID. Otto is politically sound, recommended by Stone, and Jeane Kirkpatrick, an area specialist and anxious to take on the assignment. I think it is essential that Reich--if you were to concur in his assignment--be given the same mandate as Dick Stone's. Without a White House cachet he simply will not have the clout to exercise discipline over the total effort: He will lack leverage with ARA in State and the "Outreach Committee" in the White House. I would recommend that you meet Reich, seek George Shultz's concurrence and issue a statement similar to that involving Stone. Timing may be dependent on a talk with Stone and his confirmation, although I think we must move fast or we will never catch up.

We may have an "in house" problem. My sense is that State is increasingly restive over Public Diplomacy representatives being Presidential representatives responsible to your SPG. In one sense there is a legitimate concern, but I think there are valid exceptions and Central America is such an exception. Presidential and White House staff involvement necessitates this type of assignment. In reality, Otto will work very closely with Eagleburger, Shultz and the Department of State and will be housed there. It may be argued that Gil Robinson's assignment precludes the need for Otto Reich, Dick Stone or whomever for Central America. I disagree: We need a top flight man full time on this issue! Eagleburger was going to discuss the assignment with Reich but backed off because of uncertainty as to how Robinson would fit in. We should proceed now with Reich.

Recommendations:

That you send attached memorandum to Baker

Agree__________ Disagree__________

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That you discuss the situation with Stone and Reich and advise McPherson of your interest in Reich.

Agree__________ Disagree

See Shultz with memorandum recommending Reich.

Agree__________ Disagree__________

Subject to Shultz concurrence, sign off on Reich.

Agree__________ Disagree__________

Strengthen the SIG/IG structure and eliminate management duplication.

Agree__________ Disagree__________

Al Sapia-Bosch and Bob Sims concur.

Attachment

Tab I	Memorandum for James Baker
Tab II	Memorandum for Secretary Shultz

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MEMORANDUM

THE WHITE HOUSE

WASHINGTON

~~SECRET~~

N 30925

MEMORANDUM FOR JAMES A. BAKER, III

FROM: WILLIAM P. CLARK

SUBJECT: Outreach Working Group for Central America

Your initiative establishing an outreach group to increase public support for the President's Central American policies in the United States is a helpful step. I am particularly anxious to see a major campaign initiated both in this country and overseas.

I believe it is important that this effort move forward rapidly, but also in a manner that is in synchronization with the other parts of the foreign policy establishment. Under NSDD-77 on Public Diplomacy, which the President signed on January 14, 1983, he established an overall mechanism to strengthen the organization, planning and coordination of effort relating to matters affecting foreign policy and public perceptions here and abroad. A Special Planning Group (SPG), under my chairmanship, was established with responsibility for overall planning, direction, coordination and monitoring of the implementation of public diplomacy.

In February, Dick Stone was named as the President's Personal Representative with the Central American public diplomacy mission as his initial assignment. Strategy papers have been developed by the SPG operating elements, in conjunction with Stone, to sharpen our ability to deliver our message internationally. Much more needs to be done and that is where your constructive initiatives fold in nicely.

From a management point of view I would like to establish clear procedures so that we can maximize to the fullest the talents and political acumen and access to Faith Whittlesey and her office. We must be sure that the overall program is coordinated, that the thematic treatments are consistent with policy and that we avoid unnecessary duplication and false starts.

To accomplish this, I would ask that:

-- Dick Stone participate in your meetings as the link with the foreign policy establishment and that Bob Sims, a representative of our Public Affairs Committee also join your group.

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-- That foreign policy materials be coordinated with Stone's office to insure substantive accuracy and thematic consistency. Stone will be in a position to confirm basic foreign policy positions on this subject.

Stone, as the President's overall coordinator, will be able to insure substantive consistency, thematic relevance and to present unnecessary overlap. He will also ensure that you get the support you need from the foreign policy establishment so that Faith can complete her tasks.

I have a positive reaction to this total effort, but I think that prior coordination for a major initiative in the foreign policy field is essential to present unneeded duplication and possibly conflicting policy implementation.

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THE WHITE HOUSE
WASHINGTON

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N 30928

MEMORANDUM FOR THE HONORABLE GEORGE P. SHULTZ
SECRETARY OF STATE

SUBJECT: Public Diplomacy, Central America

I am extremely concerned about several aspects of our policy in Central America. I would like to start with a simplification of our policy management over Central American issues with a discontinuance of the regular use of the CORE group and the CPPG and other vehicles, to be replaced by a SIG/Central America under State leadership. This would be supported by an IG/Central America also under State chair. Special meetings devoted to covert action items would be discussed at an NSPG Working Group under NSC chairmanship.

We must get our public diplomacy strategy concerning Central America into shape. Among other things it is essential that we, in the foreign policy side, are sufficiently focussed and organized to assist, coordinate and provide general substantive guidance to a burgeoning effort within the White House to generate domestic bipartisan support for the President's programs in the U.S. I would expect the Public Diplomacy coordinator on this subject to participate in the Central American SIGs and IGs where he would receive his policy direction. He would, in turn, provide overall direction to the international and domestic public diplomacy campaign. The scope of this assignment underscores the essentiality of his identification as the President's Personal Representative. This has been Dick Stone's status and, as he prepares for his new assignment, I think it is essential to replace him immediately. The replacement will report to the SPG, on which both you and Dave Gergen participate. As in the case of both Peter Dailey and Dick Stone, the replacement will carry out his responsibilities in the context of Larry Eagleburger's International Political Committee (IPC). The replacement that I have in mind, subject to your comment and reaction, is Otto Reich who we both know as AID's Latin American Administrator. He is a committed officer, a sound politician and an expert in the field. I would expect that he would receive whatever support he requires from the various Departments and Agencies, similar to Dick Stone.

I would be extremely interested in your earliest thoughts on this matter.

William P. Clark

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EXHIBIT GPS-68

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MEMORANDUM

NATIONAL SECURITY COUNCIL

INFORMATION

May 20, 1983

N 30915

EXHIBIT
GPS-68

MEMORANDUM FOR WILLIAM P. CLARK

FROM: WALTER RAYMOND, JR.

SUBJECT: Weekly Report

Faith Whittlesey Effort. The Faith Whittlesey effort is off to a good start. She had meetings with governmental representatives on May 16 (Roger Fontaine and I attended from the NSC) and with private interest groups on May 18. As I've indicated previously to you, she has issued orders for a wide range of papers and background materials to be prepared. Her meeting on Wednesday was largely with conservative groups, and as she told me privately, she says the Central American issue is a good one to reinvigorate support from the conservative sector for the President. She is aware that the group will need to be extended and be bipartisan. The private reps at the second meeting raised the question of establishing a "Coalition for a Democratic Central America." This would be helpful if it happens.

I had a very pleasant half hour meeting with Faith today. She is prepared to work very closely with us and was concerned about George Shultz's charge that she was just duplicating an effort. I described to her the NSDD-77 and our overall public diplomacy approach. She does not seek to preempt any position on policy. She defines her effort as one designed to build support for policy. She recognizes fully the need for substantive and quality control of the product and is quite prepared to depend on us (NSC, State) for policy correctness. She also is prepared to take any and all information we can develop.

We both agreed that the biggest problem will be packaging the product. She has asked for help and suggestions for writers who could possibly be made available. She does not have any hang-ups as to whether the writer sits in the White House on her staff (where she has a vacancy for one) or in the Department with Dick Stone. She is reviewing possible writers and I am too. I have several leads.

3299

Private Funding Effort. I have provided Jeff Davis with a list of funding programs that require private sector support. He is enthusiastic about the package and proceeding forward. Roy Godson reported that he met early this week with a group of private donors that Charlie Wick brought to the sitroom two months ago. The group made their first commitment of $400,000 which includes support to Freedom House, a pro-INF group in Holland, Accuracy in Media, and a European based labor program. These are useful steps forward. More to follow.

Released [illegible] 10 Aug 87
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Exhibit GPS-69A

EXHIBIT
GPS-69a

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THE SECRETARY OF STATE
WASHINGTON

245

May 25, 1983

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N 29458

MEMORANDUM FOR: THE PRESIDENT

FROM: George P. Shultz

SUBJECT: Managing Our Central America Strategy

I believe it is important to confirm for the record my understanding of the outcome of our discussion this morning.

Policy: We have an extremely difficult situation in Central America. There will be hard slogging ahead to achieve what we want to achieve. First of all, we need an effective shield to protect the Salvadoran democracy against the efforts of the rebels to destroy the government and the economy. We have to safeguard not only El Salvador but also the other Central American countries against the Nicaraguan virus. At the same time we have to win the struggle in our own country to help the American people understand the Soviet-Cuban-Nicaraguan threat to the whole region. And we have to obtain the support of the Congress. Although our influence in Salvador is probably waning because of the conditions imposed by the Congress, we must be able to be persuasive with the El Salvador government in bringing about those reforms in their system of justice necessary to win the support of the American people and the Congress. At the same time we must maintain pressure on the Nicaraguans to cease and desist from exporting their revolution to neighboring countries.

3300

Though we must continue to strengthen the shield against the Salvadoran rebels and keep the pressure on Nicaragua, we cannot expect a military solution, at least in the next several years. In all likelihood the only way in which we can reestablish a peaceful Central America, free from foreign incursions into democratic countries, is by regional negotiations leading to a reciprocal and verifiable agreement in which the Nicaraguans come to terms with the need for them to mind their own business. At the same time, in forcing Nicaragua to the negotiating table, we must not sell out the Nicaraguan patriots who wish their government to live up to the promises of free elections and a pluralistic society made when the Sandinistas came to power.

Declassified/Released on 10 Aug 87
under provisions of E.O. 12356
by B. Reger, National Security Council

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Within El Salvador we must be prepared to seek negotiations. But these negotiations must concern participation in a free electoral process and not negotiations with respect to power sharing.

Negotiations with either the Nicaraguans or the Salvadoran rebels will not be easy, because we will be dealing with people we don't like and don't trust. Moreover, we will not be able to achieve success unless we can show the Nicaraguans that they cannot defeat the anti-Sandinista forces in Nicaragua. Nor can we get the Salvadoran rebels to talk about free elections unless we are able to show them that they cannot win the military struggle and will probably lose it in the long run. Finally, in bringing about a reciprocal and verificable agreement, we have to be willing and able to deal effectively with major regional governments like Mexico.

Responsibility for Policy Implementation: These I understand to be your policies. I support them, and I accept the responsibility to carry them out. However, if I am to do so, we need, as I believe we all agreed at the meeting, to establish simple and straightforward management procedures. The present management situation is a mess and would not work even if the problems were simple. Therefore, what we discussed was that you will look to me to carry out your policies. If those policies change, you will tell me. If I am not carrying them out effectively, you will hold me accountable. But we will set up a structure so that I can be your sole delegate with regard to carrying out your policies.

Organizational Arrangements: What this means is that there will be an Assistant Secretary acceptable to you (and you and I have agreed on Tony Motley) who will report to me and through me to you. We will use Dick Stone as our negotiator, who, in coordination with Tony, will also report solely to me and through me to you. Similarly, there will be an interagency committee, but it will be a tool of management and not a decision-making body. I shall resolve any issues and report to you.

Ken Dam and Larry Eagleburger will work closely with me so that there will always be someone fully informed and able to act for me if I have to be away. Tony Motley will be our chief of staff responsible for pulling together all our work both within the State Department and within the government as a whole.

Meanwhile, I shall keep you and Bill Clark and others in the White House fully informed at all times. I believe that it is important for the NSC or the NSPG to meet on a regular basis to review what we do and particularly to resolve any differences with respect to policy.

We all agree that we have to do much better in public diplomacy. We have to beef up our capacity here in the State Department, and we plan to do so. In addition, I believe that Faith Whittlesey could be very useful. But if she is to be useful and effective, her work too must be handled in the same way as operations and diplomacy. With respect to Central America, she will therefore work directly with Tony Motley. He and I in turn will be responsible for her work with regard to Central America.

With respect to personnel decisions in the Department of State, it will be important, with Tony Motley as a non-career Assistant Secretary, to have a full complement of deputies to him who are Foreign Service Officers or are otherwise fully familiar with the machinery of the U.S. Government and in particular the Department of State. We will, of course, consult with Presidential Personnel, but after full consultation, I would expect Tony Motley to have the dominant voice in making those personnel decisions.

Personnel: As an immediate step, I propose that the following assignments be made:

-- Ambassador Motley from Brazil to become Assistant Secretary for ARA;

APPROVE __________ DISAPPROVE __________

-- Ambassador Enders to become Ambassador to Spain;

APPROVE __________ DISAPPROVE __________

-- Ambassador Luers, last posted in Venezuela, to become Ambassador to Brazil.

APPROVE __________ DISAPPROVE __________

-- Since Enders will be going to Spain, it is important to decide Terence Todman's next assignment, which I understand is to be to Denmark.

APPROVE __________ DISAPPROVE __________

All of these personnel as well as organizational decisions are to be made at once so that there is no ambiguity in anyone's mind that we are prepared to do what is necessary to carry out your Central America policies. We should go forward immediately, because your Central American policies can ill afford any delays in getting our new management system in effect.

I enclose an organizational chart and a draft National Security Directive embodying what we agreed on this morning.

Attachments:

Tab 1 - Organizational Chart.
Tab 2 - Draft NSDD.

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N 29462

DRAFT NSDD

NATIONAL SECURITY DIRECTIVE NUMBER____________

CENTRAL AMERICA AND THE CARIBBEAN

Pursuant to NSDD 2, there is established a restricted Interagency Group (IG) to address policy formulation and execution as they relate to Central America and the Caribbean. The Secretary of State is responsible for the overall direction, coordination and supervision of the interdepartmental activities incident thereto.

The Interagency Group (IG) shall be headed by the Assistant Secretary of State for Inter-American Affairs and include representatives of the Secretary of Defense, the Chairman of the Joint Chiefs of Staff, the Director of Central Intelligence and the Assistant to the President for National Security Affairs. The President's Special Envoy for Central America shall also participate. The Interagency Group shall report to the Secretary of State.

The Interagency Core Group, the Central American Working Group and all other interagency organizations addressing Central American policy or operations are hereby disestablished. The Crisis Pre-Planning Group is relieved of its assignments in this area.

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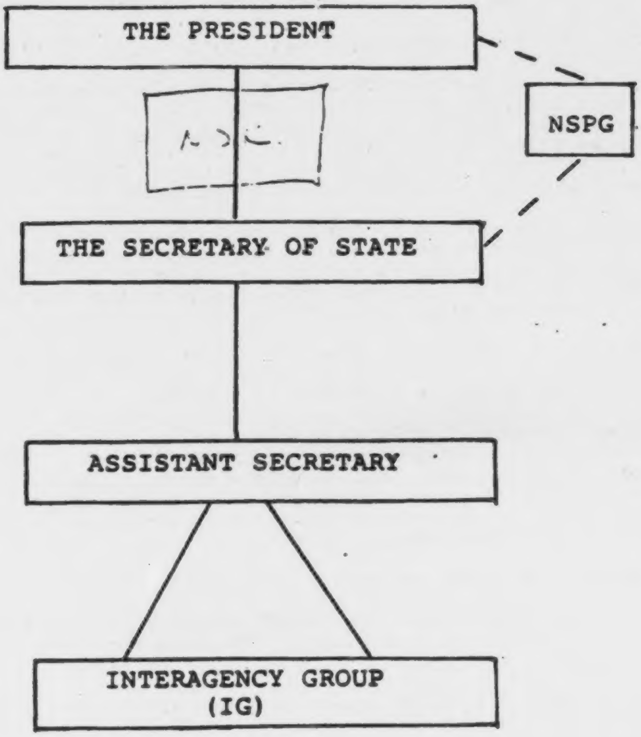
PROPOSED STRUCTURE

N 29463


THE PRESIDENT
NSPG
THE SECRETARY OF STATE
ASSISTANT SECRETARY
INTERAGENCY GROUP (IG)

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THE WHITE HOUSE

WASHINGTON

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~~TOP SECRET~~

May 14, 1982

H 29464

MEMORANDUM FOR THE SECRETARY OF STATE
THE SECRETARY OF THE TREASURY
THE SECRETARY OF DEFENSE
THE DIRECTOR OF CENTRAL INTELLIGENCE
THE CHAIRMAN, JOINT CHIEFS OF STAFF

SUBJECT: Crisis Pre-Planning

National Security Decision Directive 3, Crisis Management, establishes the Special Situation Group (SSG), chaired by the Vice President. The SSG is charged, inter alia, with formulating plans in anticipation of crises. In order to facilitate this crisis pre-planning responsibility, a Standing Crisis Pre-Planning Group (CPPG) is hereby established.

The CPPG will be chaired by the Deputy Assistant to the President for National Security Affairs and will consist of senior representatives of your agencies and of the Office of the Vice President. The CPPG will meet periodically in the White House Situation Room and will:

- Identify, to the extent possible, areas where US interests are at stake in which rising tensions or other circumstances suggest the possible emergence of a crisis.
- For each potential crisis, insure that an interagency group is established and developing contingency plans. Provide guidance to the group and task it with the preparation of preemptive policy options to prevent a crisis if possible as well as the preparation of politico-military options for dealing with the eventual crisis.
- Present such plans and policy options to the SSG.
- Devise procedural measures, draft executive instruments and identify resources essential to implement decisions by the President.
- Provide to the SSG, as crises develop, alternative plans of action/options and coordinated implementation plans that will permit successful resolution.

~~TOP SECRET~~
Review on May 6, 2002
Classified and Extended by WPClark
Reason: NSC 1.13(d)

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~~TOP SECRET~~ UNCLASSIFIED

- Provide to the SSG, recommended security, cover, and media plans that will enhance the likelihood of successful execution. 29465

The first meeting of the CPPG is scheduled for Thursday, May 20, 1982, in the White House Situation Room from 1000-1200. Agencies are requested to provide the name of their CPPG representative to Oliver North, NSC Staff (Telephone: 395-3345) by May 14, 1982. An agenda will be circulated prior to each meeting. The agenda for the first CPPG meeting is attached.

FOR THE PRESIDENT

Bill Clark
William P. Clark

Attachment

Tab A - Agenda for May 20, 1982 Meeting

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EXHIBIT GPS-69B

EXHIBIT
GPS-69b

THE WHITE HOUSE
WASHINGTON

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~~SECRET/SENSITIVE~~

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MEMORANDUM FOR THE HONORABLE GEORGE P. SHULTZ
The Secretary of State

SUBJECT: Managing Our Central American Strategy (S)

I have studied your thoughtful memorandum on this subject, dated May 25, 1983. Your judgments regarding our policy toward the region are correct when read within the framework of existing decision directives. So, too, is your assessment that implementation is the problem. (S)

Our national security interests in the region demand the most careful and cogent management and coordination that we can bring to bear. The institutional arrangements established in NSDD-2 are, I believe, appropriate to fulfill this requirement. They were specifically directed to ensure that the diplomatic, economic, military and intelligence aspects of our national security policy would be properly integrated in both their planning and implementation. NSDD-2 provides that the policy process will function through the IG, SIG, NSC framework. That seems to me to still be a good system, developed over several administrations. It provides that if the agencies agree at the IG level then the issue need not be elevated further, but that if there is disagreement, then it is raised to the SIG and if necessary through the NSC to me. (S)

The resources of the White House will, of course, be available to assist in this effort. Specifically, the White House Offices of Presidential Personnel and Public Liaison mentioned in your memo, report to and are supervised by the White House Chief of Staff's Office. I have asked Jim Baker to see that any activities or decisions of these offices affecting the implementation of Central American policy be coordinated closely with you or your designee through the NSC as has been our practice. (S)

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~~Declassify on: OADR~~

Declassified/Released on 21 Jul 1987
under provisions of E.O. 12356
by B. Reger, National Security Council

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H 29445

Success in Central America will require the cooperative effort of several Departments and agencies. No single agency can do it alone nor should it. Still, it is sensible to look to you, as I do, as the lead Cabinet officer, charged with moving agressively to develop the options in coordination with Cap, Bill Casey and others and coming to me for decisions. I believe in Cabinet government. It works when the Cabinet officers work together. I look to you and Bill Clark to assure that that happens. (S)

75-936 369

NSDD-2 STRUCTURE FOR CENTRAL AMERICA

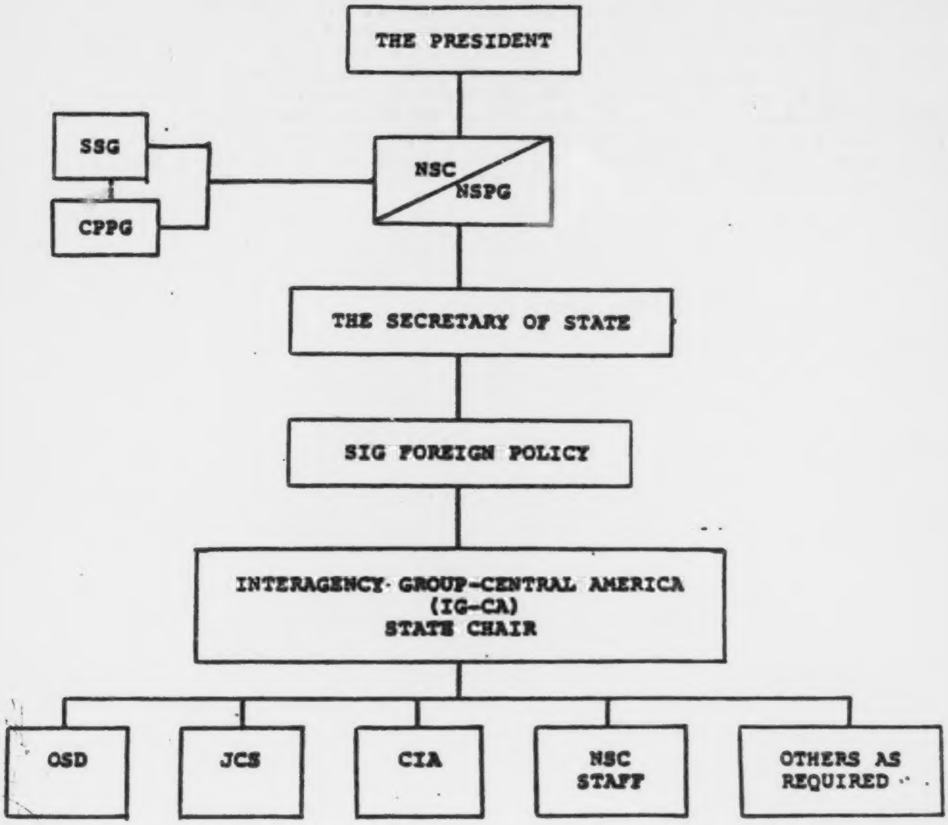
THE PRESIDENT
SSG
CPPG
NSC
NSPG
THE SECRETARY OF STATE
SIG FOREIGN POLICY
INTERAGENCY GROUP-CENTRAL AMERICA
(IG-CA)
STATE CHAIR
OSD
JCS
CIA
NSC STAFF
OTHERS AS REQUIRED

EXHIBIT GPS-70

UNCLASSIFIED

Weekly Report

111

MEMORANDUM

~~SECRET~~

NATIONAL SECURITY COUNCIL

N 30910

INFORMATION

May 27, 1983

MEMORANDUM FOR WILLIAM P. CLARK

FROM: WALTER RAYMOND, JR. WR

SUBJECT: Weekly Report

Partially Declassified/Released on 9 July 1987
under provisions of E.O. 12356
by B. Reger, National Security Council

Central American Public Diplomacy.

-- Faith Whittlesey's effort continues to move forward. She has expanded her network. We had a very frank exchange of views in a meeting on May 25. A considerable amount of USG prepared materials will be available for the group next week. (U)

-- This whole operation is suffering very much by the absence of a public diplomacy coordinator on the foreign policy side. I really think it is imperative to name a replacement for Dick Stone soonest. See attached memorandum. Otto Reich, who has Jeane Kirkpatrick's strong endorsement, is a very hard and dedicated worker who will make the process effective. You called Ken Dam on this subject on May 24 but I am not aware of any response. As a result much is going by default. (C)

-- The 19 page White Paper/Fact Sheet on Central America is a case in point. State/ARA is, as we know, actively disinterested in pushing this paper forward. Reluctantly they agreed. I discussed the need for a follow-up comprehensive strategy with Bud and he ordered it up at the PAC meeting on May 26. If Stone's office were functioning properly they could have taken the lead several days ago on this subject. (C)

-- El Salvador insurgent commander Montenegro. I have spent a considerable amount of time this week setting up a series of press sessions with Montenegro [redacted] Bob Sims helped arrange exclusive interviews with Charles Corddry of the Baltimore Sun who has a syndicated column with national coverage and with Time Magazine. I arranged an in-depth session for Montenegro with the Readers Digest and VOA (in Spanish and English). Lastly I am brokering Montenegro's involvement in a special which NBC is producing on Cuban-Nicaraguan involvement in El Salvador, scheduled for June 7. (C)

SPG Meeting.

-- I have scheduled an SPG meeting for Thursday, June 2 at 3:00 p.m. I have a detailed report from the IPC forwarding the public diplomacy action papers requested at the last SPG. The meeting will discuss these and the management of these issues. (U)

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-- A second major item for discussion should be Central American public diplomacy. I think it is essential that we name Otto Reich in advance of that meeting so that we can use that meeting as an implementing meeting for our new strategy. Also if we have Stone's replacement on-board it will permit us to develop a proper relationship with Faith Whittlesey. There are so many titles that he could use that it is really a function of your dialogue with the Secretary of State. He and Dick Stone both feel that a link to the White House is very important for effective action. (C)

N 30911

[redacted]

[redacted]

Attachment

Tab I Memorandum on Central American Public Diplomacy dtd May 21, 83

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N 30912

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EXHIBIT GPS-71

UNCLASSIFIED

MEMORANDUM

NATIONAL SECURITY COUNCIL

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N 33440
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INFORMATION

August 29, 1983

EXHIBIT
GPS-71

MEMORANDUM FOR JOHN M. POINDEXTER

FROM: WALTER RAYMOND, JR.

SUBJECT: Central American Outreach

As you are aware, I continue to get a number of proposals dealing with how we can generate a private sector program to support the President on Central America. A refinement of an earlier proposal from Roger Chapin is attached at Tab II. Chapin had earlier communicated with the Judge. I have sent this to Tony Motley.

Bill Casey called on August 26 and would like to follow up on his idea to have a meeting with five or six key public relations specialists. This is referred to in my earlier memorandum. I put him off until after Labor Day.

I think you are right about deflecting this to State. I believe that it is, however, going to be quite time consuming, even recognizing that the work done within the Administration has to, by definition, be at arms length. The more I reflect on Gil Robinson's probable move into State as Shultz's public diplomacy coordinator, the more I think he could be the glue to put this sort of public-private relationship together. He has done this sort of thing before. He has public relations experience, knows how to operate behind the scenes, has the political connections, and lastly, will be in the right place: The Department of State. I do not think it is overlapping with Motley or Reich. They will be plenty busy doing their regular jobs and will benefit from what Gil could do. You might want to touch on this with the Judge. When I philosophized a bit with Bill Casey (in an effort to get him out of the loop), he was negative about turning the ball over to State, but very positive about someone like Gil Robinson working on the problem from within State.

1210

Attachments

Tab I My memo, same subj, Aug 9, 83
II Chapin memos, Aug 22 & 19, 83

[redacted] Released on 22 June 1987
under provisions of E.O. 12356
By B. Reger, National Security Council

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WR, CHRON, Box 6
R, FBI
4/7/87

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N 33441

MEMORANDUM

NATIONAL SECURITY COUNCIL

INFORMATION

August 9, 1983

MEMORANDUM FOR WILLIAM P. CLARK

FROM: WALTER RAYMOND, JR.

SUBJECT: Private Sector Support for Central American Program

Several Administration supporters have identified steps which they believe are important to generating public opinion support for our policies in Central America. The various proposals call for the creation of a bipartisan coalition of concerned citizens to generate majority support for the President's policies. This requires detailed informational programs which highlight developments and realities in the region. It also requires programs which are designed to go beyond simply reaching the committed. We must move out into the middle sector of the American public and draw them into the "support" column. A second package of proposals deal with means to market the issue, largely considering steps utilizing public relations specialists--or similar professionals--to help transmit the message.

A quick review of proposals which are known to me include:

-- A group of public relations specialists met with Bill Casey a few days ago. Faith also met them. The group included Bill Greener, the public affairs head at Philip Morris and two or three others. They "stated" what needed to be done to generate a nation-wide campaign. Several elements were identified. The first, a fund-raising effort under the direction of someone like Walter Wriston. Secondly, an effective communications system inside the Government. The overall purpose would be to sell a "new product"--Central America--by generating interest across-the-spectrum.

-- A group including Charlie Wick, Faith, myself, Alan Bell (Public Relations) and Tom Korologos (Lobbyist) met to discuss how to get the story out into the countryside. In addition, to traditional speaking tours by USG officials, Presidential statements, etc, the Korologos-Bell proposals focussed on the hiring of a public relations firm. They recommended Ron Nessen. Nessen has subsequently presented a proposal.

-- Faith subsequently advised Charlie Wick that she has the prospect of funding from the Mellon-Scaife organization (Terry Slease). Slease wants Tom Cantrell, currently number two in congressional relations in the Department of Energy, to run the program. This would rule Nessen out. Slease also speaks of a $1000 per plate fund raiser to get the activity

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going. It is not clear whether Cantrell's role is as fund-raiser or as a political activist. Nor is it clear whether the goal is an "American Coalition" or simply a pressure group. It sounds like an expanded "Outreach Group."

-- Roy Godson and I have discussed this and we are concerned that efforts undertaken by Faith's office tend to be confined to preaching to the converted. We recommended funding via Freedom House or some other structure that has credibility in the political center. Wick, via Murdoch, may be able to draw down added funds for this effort. Ron Nessen, or the Wagner-Baroody firm recommended by Cliff White, could be hired by Freedom House.

-- Dan James. He has the support of Jeane Kirkpatrick, Leo Cherne, Al Burkholder and others. He has submitted a paper which spells out the parameters of the problem. He also wants to include Latin Americans in the activity. His proposal calls for the creation of a bipartisan Americas Coalition. He believes he can get funding from Ross Perot, Clem Stone and others. Evidently Anne Armstrong will make calls for him. James would like to have a fund raising dinner in which Jeane Kirkpartrick has reportedly agreed to be a key note speaker. James is a good publicist but not a particularly good organizer. His role would be in support of a larger effort.

-- Roger Chapin. He has a similar proposal for a group called Stand Tall America which would generate public knowledge and understanding of the Central American program. Chapin is untested on foreign policy issues although he has a track record of generating public support for causes. He believes the first issue is clarifying the message, examining marketing techniques and then generating a broad popular support base. He would play a support role. Chapin adds that he thinks the only way to mobilize the American people is to make it clear that the Central American issue is a threat because of the Russian involvement.

-- Les Lenkovsky (Smith-Richardson Foundation) believes that we need to create the equivalent of a "Coalition for the Present Danger" to generate public support. Tom Korologos, in a private conversation, said what one needed to do was to identify a competent activist who would take on the organizational job--this includes principally fund raising, public relations/packaging, substantive input. He said someone like a Bill Greener or a Tom Cantrell might serve. Ultimately, we would want to flesh out the committee to make it suitably non-partisan. Several of the names we considered for the Central American Commission would be very constructive participants.

The above discussion identifies several issues. I think there is consensus that we should strive for the creation of a genuinely bipartisan, centrist structure to generate public support around the issue of Central America. If we agree that we will set up a committee and select an activist to put the thing together most other issues fall in line: fund raising, marketing, substantive input. Many of the people above could play a role within the structure. A central office in the USG should be identified on the principal point with this outside , independent group. This could be the NSC, the White House (Whittlesey) or Otto Reich as Central American public diplomacy coordinator. While it is possible for Faith to be the point of contact, her mandate makes it difficult for her to deal with the media and the Congress, two of the principal audiences for this effort. This might argue for keeping the contact within the public diplomacy context where substantive support could be supplied, as requested.

We need an organizer. I would like to lead with our silver bullet. I recommend that Peter Dailey be asked to put the group together (spend one month) and turn it over to an outside coordinator, such as Bill Greener (or Cantrell).

Coordination: Bob Sims

EXHIBIT GPS-72

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EXHIBIT
GPS-72

*** Reply to note of 07/03/86 12:15
NOTE FROM: Walter Raymond
Subject: OTTO REICH

After much discussion, Bob Kagan, who was Elliot Abrams' Special Assistant, was named as Otto's replacement. Kagan's office was folded under ARA for command and control but continues to have a reporting responsibility to the IPC and the SPG as part of my effort to give it an interagency mandate. It remains to be seen if this will weaken the effort. One key will be the need for people to be assigned from an interagency pool.

N40863

Meanwhile, I continue to chair weekly meetings to sustain the public diplomacy effort. They are attended by Kagan, Speakes rep, Buchanan rep, DOD, CIA, USIA and NSC LA officer. (When there is a Sitrm mtg of the Centam coordinating group for Hill strategy we get a feed from that group). Our brief is much broader. We seek to lay out and implement broader international strategies, particularly in LA and EUR. We approved a new strategy paper on 16 June which was sent out over Rod McDaniel's signature. This basically calls for a sustained effort to garner support for our overall Centam policy, increase understanding of the issues and, in the specific case of Nica, concentrate on gluing black hats on the Sandinistas and white hats on UNO. We have requested a community report on the level of activity sustained under the latest NSC PD tasking by 31 Aug.

The group has produced an outstanding collection of materials to suuport our policy. It is also light years ahead of where it was three years ago, but much work needs to be done. At our most recent weekly Centam mtg the following items were covered:

--Senate strategy: Focus on key Senators who can be brought over to increase victory margin and show momentum.

--Maximize exposure for [redacted] and La Prensa to highlight Nic internal crackdown. Lousy coverage to date in foreign press and not much better in US.

--Play on key themes in Europe which will strengthen our case:

o Popularize Centam support for UNO. Note USIA poll which showed popular support for armed opposition to Nics in Honduras and Costa Rica.

o We are on the winning side. The House vote can help convince the Europeans that we will see this through...we are not going to be blown away by the Hill. It is always politically easier to support a winner.

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EXHIBIT GPS-73

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National Security Council
The White House

FEB 26 1987
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Bob Pearson			
Grant Green			
Colin Powell			
Paul Thompson			
Frank Carlucci			
Situation Room			
NSC Secretariat			
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I = Information A = Action R = Retain D = Dispatch N = No further Action

cc: VP Regan Buchanan Other ____

COMMENTS Should be seen by: ____
(Date/Time)

EXHIBIT
GPS-73

Partially Declassified/Released on 9 July 1987
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by B. Reger, National Security Council

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	Name and Address	Date	Initials
1	BRENDA REGER	2/26	BSR
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☐	ACTION	☐	FILE
☐	APPROVAL	☐	INFORMATION
☐	COMMENT	☐	PREPARE REPLY
☐	CONCURRENCE	☐	RECOMMENDATION
☐	DIRECT REPLY	☐	RETURN
☐	DISPATCH	☐	SIGNATURE

REMARKS:

N 16799

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NATIONAL SECURITY COUNCIL
WASHINGTON D.C. 20506

N 16000

~~SECRET~~

ACTION

August 7, 1986

MEMORANDUM FOR JOHN M. POINDEXTER

FROM: WALTER RAYMOND, JR.

SUBJECT: Central American Public Diplomacy

In response to your PROF note, I have prepared a memorandum for you to send to Bill Casey (Tab I). Peter Dailey had a very good meeting with my Thursday morning group on August 7, and I think he can be very helpful as a adviser to this group. I do not think it is necessary to revise the current structure. As I told you in my earlier PROF note, I think the structure is in place, but it constantly needs to be energized. I do this on a regular basis. But having Peter Dailey available in Washington will be an enormously useful asset during this next year while we implement the $100 million in Contra aid. I would propose to have him meet with the group periodically to critique and review programs and processes, to work closely with Bob Kagan, the Interagency Central Amerian Public Diplomacy coordinator, and to help coordinate private sector activities such as funding that currently cannot be done by either CIA or State.

RECOMMENDATION

That you sign the memorandum at Tab I to Bill Casey.

Approve ________ Disapprove ________

Ollie North, Ray Burghardt, and Vince VC Cannistraro concur.

Attachments

Tab I Memo to Casey
Tab A Public Diplomacy Planning

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THE WHITE HOUSE

WASHINGTON

~~SECRET~~

MEMORANDUM FOR THE HONORABLE WILLIAM J. CASEY
The Director of Central Intelligence

N 16 01

SUBJECT: Central American Public Diplomacy (U)

I have looked into the question of our overall public diplomacy effort concerning Central America. A great deal of hard and effective work is being done. It is clear we would not have won the House vote without the painstaking deliberative effort undertaken by many people in the government and outside. (S)

The departure of Otto Reich has not resulted in any reduction of effort. His public diplomacy coordination office (LPD) has continued. Although the independent office was folded into Elliott Abrams' bureau, the White House has sent a clear tasker to the community that this limited reorganization in no way reflected a dimunition of activities. On the contrary, the same interagency responsibilities are being exercised, and the group reports directly to the NSC. It continues to be one of the few offices in the government that is staffed by a truly interagency team, including representatives from State, USIA, AID, and Defense. The office chief is Bob Kagan, who is a young, bright and effective operator. In reality, the reorganization also means that Elliott Abrams plays a strong public diplomacy role, and in this way we have harnessed one of the best public diplomacy assets that we have in the government. (S)

There is a weekly Central American public diplomacy meeting which takes place in the Old EOB, chaired by Walt Raymond, and which includes not only the four organizations noted above but also the White House Press Office and Public Liaison Office, a representative from CIA's Central American Task Force, and key NSC Staffers. This group takes its policy guidance from the Central American RIG and pursues an energetic political and informational agenda. The group seeks to focus both on domestic public issues as well as the informational battle in Europe and Latin America. It generates requirements for major publication efforts. I will have the NSC Staff send you a package of some of the more recent publications. The group also works closely with the concerned legislative offices to be supportive in terms of the Congres-

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sional debate and in a practical way it deals with a number of on-going daily issues. As an example, issues the group dealt with last week included:

-- Steps to undertake EC support to Nicaragua;

-- Trips of U.S. and/or foreign persons to Nicaragua for the purpose of [redacted] greater foreign awareness of developments in Nicaragua;

-- Development of programs to publicize religious repression in Nicaragua;

[redacted]

-- Steps to strengthen the El Salvador public diplomacy effort. (S)

There is a comprehensive public diplomacy action plan for Latin America in Europe, and I am attaching a copy for you. This plan is monitored very actively by the LPD office, and periodic reports of activity are provided to the NSC. (S)

While this group ensures that the issue remains a high priority public diplomacy goal, I share your view that this program can certainly benefit by the professional skill and insight of Peter Dailey, and I am delighted that he is in Washington and available to provide time to help this effort. Peter met with the Thursday morning interagency group on August 7. It provided him an opportunity to hear first hand from the action officers and be briefed on their current programs. The exchange was useful, and Peter has committed himself to meet periodically with this group to help strengthen their effort. Bob Kagan, the interagency coordinator, will seek Dailey's counsel on a regular basis and will bring Elliott Abrams into this process. (S)

Peter underscored that the Nicaraguan issue remains a matter of great urgency and that the next year is critical. We must show progress both in Central America, but also in the eyes of the world community, if we are to sustain and support the democratic forces in Nicaragua. It will be necessary to "frontload" our public diplomacy on this subject so that we can strengthen our international support and change attitudes concerning this program. Certain themes that he recommended at the first meeting will be given serious consideration by the working group. One special area of importance concerns generating private sector support and funding. His assistance in this area would be of greatest importance. (S)

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In summary, the public diplomacy community is hard at work and, I think properly focussed. Peter Dailey's input can be very valuable in energizing this effort, and we certainly intend to take advantage of his presence to strengthen and diversify the thrust of this program. (S)

N 16803

Attachments

Tab A Public Diplomacy Planning

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NATIONAL SECURITY COUNCIL
WASHINGTON, D.C. 20506

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F - CENTAM

~~CONFIDENTIAL~~ June 16, 1986

MEMORANDUM FOR NICHOLAS PLATT
Executive Secretary
Department of State

N 16604

JAMES F. LEMON
Executive Secretary
Department of Defense

RICHARD MEYER
Executive Secretary
Agency for International Development

RONALD J. POST
Acting Chief of the Executive Secretariat
U.S. Information Agency

SUBJECT: Public Diplomacy Plan for Central America (U)

The NSC Staff approves the Public Diplomacy Plan submitted by the Department of State on this subject. We note that there has been considerable progress in the realization of our public diplomacy goals concerning Central America among European audiences. We must, however, continue to emphasize our comprehensive policy towards Central America at the same time that we focus on the specific question of Nicaragua. (C)

There is a need to maintain this as a high priority of our missions Europe and Latin America. The opposition is engaged in an intensive propaganda effort to sustain their point of view in these areas, and our activity must be at a high level to gain support for our policies. In addition to the continued provision of important materials to the field missions, we must keep up a flow of speakers to the target areas. We must also seek to utilize, as much as possible, Central American spokesmen to speak on their own behalf in Latin America and Europe. Posts in Europe and Latin America should find ways to encourage locals to travel to Central America to gain on-the-ground knowledge of what is happening. (C)

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The limited reorganization of the SLPD function should in no way suggest any dimunition of effort. (C)

The NSC requests a status report of activities undertaken to implement the action plan by August 31, 1986. (U)

N 16805

Rodney B. McDaniel
Executive Secretary

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~~CONFIDENTIAL~~ UNCLASSIFIED

United States Department of State

Washington, D.C. 20520

May 23, 1986

~~CONFIDENTIAL~~ UNCLASSIFIED

N 16806

MEMORANDUM TO VADM JOHN M. POINDEXTER
THE WHITE HOUSE

SUBJECT: Public Diplomacy Plan for Explaining U.S. Central American Policy in Europe and Latin America

The Department submits herewith a public diplomacy plan for explaining U.S. Central American policy to Latin Americans and Europeans. Parts of the plan focus on explaining those same policies to international political organizations such as the Socialist International, the International Democrat Union, and the Christian Democrats.

Nicholas Platt
Nicholas Platt
Executive Secretary

Attachment:
Public Diplomacy Plan

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PUBLIC DIPLOMACY PLAN FOR EXPLAINING U.S. CENTRAL AMERICAN POLICY IN EUROPE AND LATIN AMERICA

N 16707

BACKGROUND

The Sandinistas came to power in July 1979 in a coalition with genuine democrats. However, within weeks the Sandinista National Liberation Front (FSLN) began a pattern of actions reflecting a betrayal of the revolution: internal repression of genuine democrats and of non-communist institutions such as religious organizations; aggression against fellow Latin American countries through armed subversion; ties with terrorist organizations in Latin America, the Middle East, and Europe; and a military buildup supported by the Soviet bloc and Cuba. That pattern continues today.

Under President Reagan, a balanced U.S. policy has been followed in Central America. It contains four mutually reinforcing elements:

1. Encouragement of democracy;
2. Economic aid to improve living conditions;
3. Active diplomacy for realistic political solutions;
4. Security assistance to give the people of Central America the means to defend themselves against expanded Soviet-bloc/Cuban/Nicaraguan subversion or armed aggression.

Much progress has been made in four of the five Central American countries since 1981: Costa Rica, Honduras, El Salvador, and Guatemala are democratic and are steadily strengthening their democratic institutions. The U.S. Congress has year by year provided support for the President's policy through increasing appropriations for economic and security assistance (total amounts by fiscal year 1983--$513 million; 1984--$939 million; 1985--$951 million; 1986--$1,014 million).

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GOALS

N 16308

-- To convince audiences in Central and South America (particularly the Contadora and Contadora Support Group countries) and in Europe that U.S. policy toward Central America is balanced, workable, and the best alternative possible.

-- To convince audiences in Latin America and Europe that the Nicaraguan democratic resistance has a cohesive and credible political program and that it is a viable, democratic force worthy of the support of the U.S. and other democratic nations.

-- To demonstrate to audiences in Latin America and Europe that the Sandinistas support international terrorism and that Sandinista external subversion threatens the nascent democracies in neighboring countries.

-- To demonstrate that the Sandinistas consciously and systematically violate human rights.

-- To convince audiences in Latin America and Europe that the United States seeks only that the Sandinistas deliver on their promises of 1979 to the Organization of American States; that we believe that the best way to do this is for the Sandinistas to engage in dialogue with the opposition; that the Contadora process, if it can meet our three requirements that it be comprehensive, simultaneous, and verifiable, is an alternative we can support.

-- To demonstrate to audiences in Latin America and Europe how Sandinista ties to Cuba and the Soviet Union adversely affect U.S. and their own national security interests.

-- To persuade the internationals (Socialist International, Christian Democrats, International Democrat Union, etc.) to speak out on their concern for civil and human rights in Nicaragua, Sandinista intervention in neighboring countries, and Sandinista ties with international terrorists; and to encourage the internationals to oppose aid to the Sandinistas for the same reasons.

-- To counter Sandinista disinformation activities with facts.

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ADDITIONAL GOALS IN LATIN AMERICA

-- To convince the countries of Central America that the United States shares their political and economic goals and can be counted upon to stick with them for the long haul (the U.S. is a reliable ally).

-- To persuade Central American government, political, church, and labor leaders to be more active in telling the Central American story in Europe, South America, Mexico, and the Caribbean.

ADDITIONAL GOAL IN EUROPE

-- To convince European publics that the U.S. is responding in a constructive manner to the desires of Central American nations for political and economic reform.

THEMES

-- Stress positive aspects (economic development, promotion of democracy, security) of U.S. policy in Central America.

-- Set record straight on U.S. policy toward negotiations with Nicaragua and on Contadora, including Nicaraguan refusal to negotiate a comprehensive agreement and U.S. aid to the Nicaraguan resistance.

-- Emphasize democratic background and objectives of the Nicaraguan resistance, while reiterating totalitarian nature of the Sandinista regime. Point out militaristic and undemocratic Sandinista educational system; exploit existence of neighborhood committees and internal repression. Remind audiences of Sandinista efforts to crush internal opponents, especially the Catholic Church, political parties, and labor unions not controlled by the government. Focus on new Nicaraguan constitution when it is unveiled by the Sandinistas and on totally controlled process in which constitution will be subjected to "public discussion."

-- Reemphasize progress and successes in El Salvador, while publicizing the destructive and totalitarian nature of the Salvadoran guerrillas.

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N 16809

-- Explain that the United States supports those people and governments who are furthering the democratic process--in Costa Rica, Honduras, Guatemala, and El Salvador--and seeking to foster reconciliation and the democratic process in Nicaragua.

-- Remind audiences of Sandinista and Salvadoran guerrilla ties with terrorists in Latin America (example, M-19 in Colombia) and elsewhere (including Middle East), arms and drug runners, and of their Soviet-Cuban ties. Mention Sandinista practice of giving Nicaraguan passports to terrorists.

-- Continue to present U.S. position on, and rationale for, withdrawal from Nicaraguan case before the International Court of Justice. Note: The ICJ decision on the merits of the Nicaraguan case, expected in May, will spark Nicaraguan attempts to garner support for calls for the U.S. to comply with the Court's rulings, likely including a Nicaraguan approach to the UN Security Council for enforcement of the ICJ's ruling under Article 94(2) of the UN Charter.

ADDITIONAL THEME IN CENTRAL AMERICA

-- Europeans do not have a clear understanding of progress toward democracy in Central America, nor do they understand the threat to democracy posed by the Sandinistas. The United States government cannot alone convey that story to Europeans. The Central Americans should take on a share of that task.

AUDIENCES

Political and government leaders in Latin America and Europe
Media in Latin America and Europe
The Internationals
Religious leaders
Academics

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Note: The following three audiences have ready access to the American news media and to U.S. public opinion data. This will affect their willingness to accept materials and information aimed directly at them.

European and Latin American delegations to the United Nations
Latin American and European diplomatic missions in Washington, D.C.
Latin American and European journalists in the United States

ACTIONS

-- Make increased use of WORLDNET as an interactive medium for explaining U.S. policy in Central America (among officials to be sought as spokesmen on Central America are Vice President Bush, Ambassador Walters, Assistant Secretary Abrams, and Ambassador Habib).

-- Speech by President Reagan describing his positive vision for Central Americans. This should note our greatly increased economic assistance, including scholarship programs, and our identification with the hopes of the people of the region for a better life. The speech should also note that the door is open for Nicaraguans to share in this prospect--if their Sandinista leaders will allow them the freedom to pursue it. This speech should be a major event delivered on some appropriate occasion, preferably during the June 10-11 visit of the four Central American democratic presidents. Other possibilities might be to have the President speak to the OAS or during either the President Sanguinetti or President Azcona visits.

-- A senior Administration official, perhaps Secretary Shultz, should publicly unveil the second annual report on the implementation of the Kissinger Commission (or Jackson Plan) findings. This can be an opportunity to demonstrate that we recognize the North-South dimensions of the problem, and to stress the affirmative part of our strategy.

-- For Socialist International in Lima, June 20-23, State will instruct embassies in the countries represented to make demarches to party leaders. USIS Lima will try to place material on Central America in the Peruvian media at that time, and will also distribute ARA/LPD pamphlets presenting U.S. views on Central America.

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-- USIA will maintain a steady flow of AMPARTS to Europe and Latin America to speak about Central America. These will be arranged according to the needs identified by posts in their country plans.

-- In addition to continuous reporting by its own media, USIA will distribute abroad increased numbers of copies of studies produced by ARA/LPD. USIA will encourage its posts in Europe to translate more ARA/LPD documents into local languages.

-- DOD will continue its series of research/study seminars in Latin America on the Strategic Challenges to Regional Security.

-- DOD and USIA will distribute the 80-piece slide presentation "The Challenge and Response" to posts in Europe and Latin America. USIA will consider translating the show into local languages.

-- Put ARA/LPD sponsored "Arms Display" exhibit at key points in U.S. and overseas.

-- ARA/LPD will work closely with IO/UNP to prepare U.S. statements and rights of reply in multilateral fora to counter Sandinista disinformation.

-- ARA/LPD and USIA will be prepared to exploit any Nicaraguan intransigence at the Esquipulas, Guatemala, summit (May 24-26), and at the June 6 Contadora meeting (possible Contadora conclusion), and at Contadora negotiating sessions leading up to June 6. ARA/LPD and USIA will also prepare to support positions taken by the Central American democracies.

ACTIONS (Latin America)

-- During President Duarte's travel to Costa Rica, Peru, Uruguay, and Brazil, May 9-22, USIS posts at each stop promoted media coverage; USIA media covered in depth.

-- At the Costa Rican Inaugural, May 8, the U.S. delegation took the opportunity to meet with Contadora and Contadora support country leaders to demonstrate U.S. support for their goals.

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-- During visit of Uruguayan President Sanguinetti to Washington in June, Administration leaders will underscore U.S. support for democracy and economic progress, emphasizing a positive vision, rather than reiterating well-known American opposition to oppression. USIA media will cover in full and also assist Uruguayan media traveling with the president.

-- USIA will provide full media coverage and assistance to the working visit of Honduran President Azcona to Washington May 26-29. Appropriate quotes by Azcona will be played into Europe and Latin America.

-- ARA/LPD will prepare a cable to Embassies in Central America instructing them to discuss with government officials, political, church, and labor leaders the need to tell the Central American story in Europe. A special effort will be made to persuade President Duarte to begin a public affairs effort in Europe.

-- DOD Policy Support Staff prepared special briefing and display materials on Central America for use at the meeting with air force chiefs of staff from 20 Latin American and Caribbean countries May 5-9. Similar materials and briefings will be given to air force intelligence chiefs from 20 Latin American and Caribbean countries when they meet at Homestead AFB, Florida, in August 1986.

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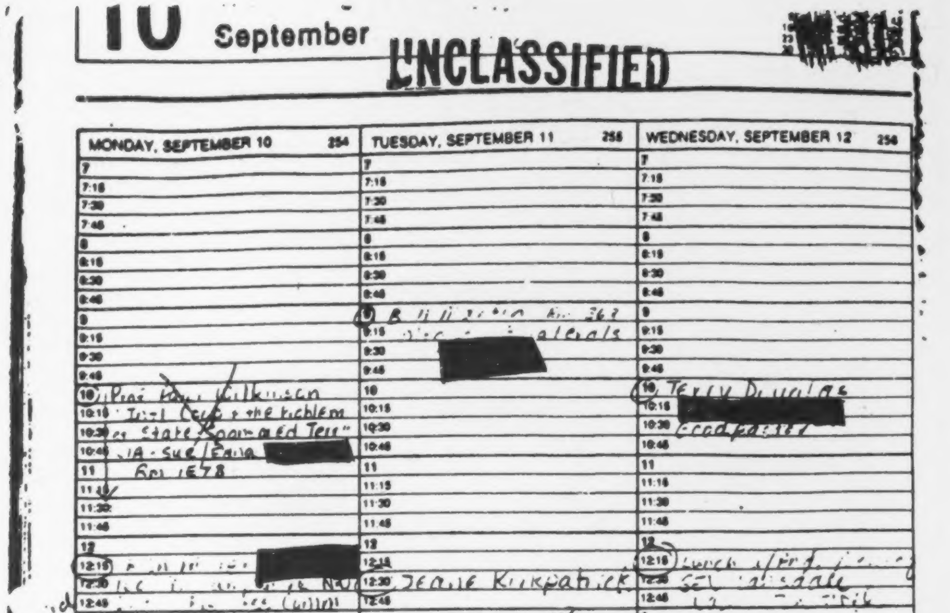
EXHIBIT GPS–74



10 September

UNCLASSIFIED

MONDAY, SEPTEMBER 10 254

10 Pres [illegible] Wilkinson
10:15 "Int'l Coop & the Problem
10:30 of State Sponsored Terr"
10:45 JA - Sue/Edna [redacted]
11 Rm 1E78
12:15 [illegible] [redacted]
12:30 [illegible] NSC
12:45 [illegible] (Wilson)
1 [illegible]
1:15 [illegible] Gomez/Jonathan Miller
2 [illegible]
2:15 "Terr [illegible]"
3 [illegible] ET
4 ON Brief to
4:15 Nat'l Council of Churches
4:30 Roosevelt
5 [illegible]
T.M.

TUESDAY, SEPTEMBER 11 255

9 [illegible] Rm 367
9:15 [illegible] [redacted] [illegible]
12:30 Jeanne Kirkpatrick
ASPG Wash
2 IS/T Rm 22[illegible]
2:15 [illegible]
4:30 Jackson Place
4:45 [illegible]
5 [illegible] /Shuhlman
7:30 [illegible]
7:45 [illegible]

WEDNESDAY, SEPTEMBER 12 256

10 Terry Douglas [redacted]
10:30 [illegible]
12:15 Lunch [illegible]
12:30 [illegible]
12:45 [illegible]
Terry
Dowling
2 [illegible]
2:15 [illegible]

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EXHIBIT
GPS-74

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January						1985
S	M	T	W	T	F	S
		1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30	31		

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Week Ending December 16

X-Mas Tree Lighting

THURSDAY, DECEMBER 13 348	FRIDAY, DECEMBER 14 349	SATURDAY, DECEMBER 15 350
7	7 [illegible]	7
7:15	7:15	7:15
7:30	7:30	7:30
7:45	7:45	7:45
8	8 John Courtney	8
8:15	8:15 Bob [illegible] Rich	8:15
8:30	8:30	8:30
8:45	8:45	8:45
9 [redacted]	9 Dave Olive	9
9:15 [illegible]	9:15 [redacted]	9:15
9:30 Rm 208	9:30	9:30
9:45 Steering Gp Mtg	9:45	9:45
10 Laura	10 Gen Merritt +	10
10:15	10:15 JCS Ops Deps.	10:15
10:30	10:30 Rm 208	10:30
10:45	10:45 Long Range Conf	10:45
11	11	11
11:15	11:15	11:15
11:30	11:30	11:30
11:45	11:45	11:45
12	12	12
12:15	12:15	12:15
12:30	12:30	12:30
12:45	12:45	12:45
1	1	1
1:15	1:15	1:15
1:30 Mike Walsh, Jim Wink	1:30	1:30
1:45 [redacted] [illegible]	1:45 Frank Gomez [redacted]	1:45
2	2 Rich Miller	2
2:15	2:15	2:15
2:30	2:30 Amb Motley Rm 4 109	2:30
2:45	2:45 w/ Chuck	2:45
3 Mtg at PBA w/ Chair	3	3
3:15 Dr [illegible]	3:15	3:15
3:30	3:30	3:30
3:45	3:45	3:45
4 PRG Pre-Brief	4 PPG Mtg Rm 208	4
4:15	4:15	4:15
4:30	4:30	4:30
4:45	4:45	4:45
5 X-Mas Tree Ceremony	5	SUNDAY, DECEMBER 16 351
5:15	5:15	X-Mas Tour
5:30	5:30	+ Reception
5:45	5:45	
6	6	
6:15	6:15	
6:30	6:30	
6:45	6:45	
7	7	
7:15	7:15	
7:30	7:30	
7:45	7:45	

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1 2
3 4 5 6 7 8 9
10 11 12 13 14 15 16
17 18 19 20 21 22 23
24 25 26 27 28

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Week Ending
January **6**

	THURSDAY, JANUARY 3	FRIDAY, JANUARY 4	SATURDAY, JANUARY 5
7			
7:15			
7:30			
7:45			
8			
8:15			
8:30			
8:45			
9			
9:15			
9:30	N.C. Refugee Issue		
9:45	[redacted] Rm 391		
10			
10:15	w/ Hiesey/E Frazier		
10:30	[illegible]	Richard D Miller	
10:45		[illegible] D Sanchez	
11			
11:15			
11:30		[illegible] 1220 Rm 450	
11:45		House/Senate	
12		Congressional Staff	
12:15		CA Brief - Reilly	
12:30	[illegible] w/E Armitage	N.C. Issue Rm [illegible]	
12:45		Ikle - Micleau	
1		Sanchez - Armitage	
1:15			
1:30			
1:45			
2			
2:15			
2:30			
2:45			
3			
3:15			
3:30			
3:45			
4			
4:15			
4:30			
4:45			
5			SUNDAY, JANUARY 6 — 6
5:15		Amb Lewis Tambs	
5:30		Andrew Messing	
5:45			
6			
6:15			
6:30			
6:45			
7			
7:15			
7:30			
7:45			

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14 Week Beginning January

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January
S M T W T F
1 2 3 4
6 7 8 9 10 11
13 14 15 16 17 18
20 21 22 23 24 25
27 28 29 30 31

	MONDAY, JANUARY 14	TUESDAY, JANUARY 15	WEDNESDAY, JANUARY 16
7	[illegible]	ACE [illegible]	
7 15	[illegible]	[redacted]	
7 30	see [illegible]	Nov 23, 1984	
7 45			
8			
8 15			
8 30			
8 45			
9			Frank [illegible]
9 15			Rich [illegible]
9 30			Jonathan Miller
9 45			
10			Arturo Cruz Jr.
10 15			
10 30		Dr. F/[illegible]	
10 45		[illegible]	
11			
11 15			
11 30		Lunch w/Messing	CCL John [illegible]
11 45			
12			
12 15			
12 30			
12 45			
1		-1345 Terr Conf.	
1 15		Rosslyn Plaza	
1 30		[illegible] Bldg [illegible] Flr	
1 45		[illegible]	
2		[redacted]	
2 15			
2 30	[illegible]		
2 45	[illegible] WHSR		
3		SRI Panel	-1700
3 15			[redacted]
3 30			
3 45			[illegible] Allen Exe[illegible]
4		Charlie Allen	
4 15			
4 30			Morgan [illegible]
4 45			Dr. Ezra Peele
5	JMP/Bob Wood NWC		ARDE Mtg w/ [illegible]
5 15	"War Gaming"		[redacted]
5 30		-1900 Int'l Club	
5 45		1800 K St R.Frankum	Motley
6		Consonant Limited	
6 15		new firm Colby/Bailey	RCM/[illegible] McG[illegible]
6 30			Bernie McMa[illegible]
6 45		UNCLASSIFIED	
7	3307		
7 15			
7 30		2030 Dinner Jean Lui[illegible]	
7 45		Andrew Green	

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11 Week Beginning February

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January

	MONDAY, FEBRUARY 11 42	TUESDAY, FEBRUARY 12 43	WEDNESDAY, FEBRUARY 13 44
7		[illegible]	
7:15		[illegible]	
7:30		[illegible]	
7:45		[redacted]	
8		[illegible]	
8:15		[illegible] MEC[illegible]	
8:30		[illegible] rm [illegible]	
8:45			[redacted]
9			
9:15		[illegible]	
9:30		-11:30 [illegible]	
9:45		[illegible]	
10		[illegible]	[illegible]
10:15		[illegible]	[illegible]
10:30		[illegible]	[illegible]
10:45		[illegible]	
11	[illegible]	[illegible]	
11:15	[illegible]	[illegible]	B[illegible]
11:30		[illegible]	Y[illegible]
11:45			
12	517 3rd St. S.E	[illegible]	Lunch w/Bob Gates
12:15	(Townhouse) w/ [illegible]		at HQ Dining [redacted]
12:30	[illegible]		
12:45	Sam Dickens (HSC)		
1	[illegible] (Brown)		
1:15	[illegible]		
1:30	Frank Gomez	[illegible] G.O.P	
1:45			
2			[illegible]
2:15			[redacted] [illegible]
2:30	Craig Johnstone		
2:45	[redacted]		
3			[illegible] [redacted]
3:15	[illegible]		[illegible]
3:30	[illegible] Miller		Mary [illegible]
3:45	Frank Gomez		Murray Grant
4			[redacted]
4:15			
4:30		TIUB rm 268	[illegible]
4:45		TCR	
5			
5:15			
5:30			
5:45			
6			
6:15			
6:30			
6:45			
7			
7:15			
7:30		Rob Owen	
7:45			

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25 Week Beginning February

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[illegible] 9:30

[illegible]

[illegible] Plaza [illegible]

MONDAY, FEBRUARY 25

[redacted]

9 [illegible]

10 [redacted]

11 ECM/[illegible]

1 [illegible] Gp

1:30 ECM [illegible]

2 Co-p Intel Steering Gp

2:15 [illegible]

2:30 [illegible] Center

2:45 F St

3:30 [illegible]

4:30 Pat Buchanan – 2174

4:45 [illegible]

5 [redacted]

6 Rod McDaniel Ollie

6:15 Al Keel

TUESDAY, FEBRUARY 26 57

8 1600 Breakfast

8:15 [illegible] - Wilson Ctr

8:30 Bud [illegible] [redacted]

8:45 [illegible]

9 Bob Alexander / Beach

9:15 [illegible]

9:30 [illegible]

10:30 [illegible] Lederer

10:45 [redacted]

11:30 Dan [illegible]

11:45 Walt Raymond

12 Oakley / Glenn

12:15 Gilder

1 [illegible] Club

1:15 [illegible]

1:30 [illegible]

1:45 [illegible]

2:30 Rod [illegible]

2:45 John Crawley

4:30 ECM/[illegible]/Dave Wigg

4:45 Roger Robinson

5:30 Schneider - Keel

5:45 [illegible] - Michel

6 Armitage McPherson

6:15 Rm 1206 Judy

WEDNESDAY, FEBRUARY 27

10 [illegible]

10:15 Rich Miller

10:30 Jonathan [illegible]

10:45 Rob Owen

12:30 Gen [illegible]

12:45 [illegible]

1 [illegible]

1:15 [illegible]

4 [illegible]

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FOLIO 400

15 Week Beginning April

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S	M	T	W	T	F	S
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30				

Tia [illegible]

	MONDAY, APRIL 15 (105)	TUESDAY, APRIL 16 (106)	WEDNESDAY, APRIL 17 (107)
7			
7 15			
7 30			
7 45			
8			
8 15			[redacted]
8 30		D F [illegible]	- 1100 [illegible]
8 45		issues	[illegible]
9		[illegible]	[illegible]
9 15		[redacted] S:	
9 30	- 0945 RR w/Pres Mtng		C920 [illegible] Mtg
9 45			
10	Pres Mtg on	- 1200 TECC [illegible] Rm	John [illegible]
10 15	Sears Proposal	[redacted]	
10 30		GEN V.C. Lang	Kuykendall Gomez
10 45		Jenni Grimes	Owen Rm 392
11		1230PM [illegible]	Miller
11 15			
11 30		Arturo Cruz	
11 45			
12			1210-1235 Gen. Sp[illegible]
12 15			[illegible]
12 30			
12 45			
1			
1 15			
1 30			Spielplug
1 45			
2	[illegible] Mtg w/ [illegible]	Senator Quayle	
2 15		Russell Bldg Rm [illegible]	
2 30	[redacted]	[redacted] Doug Olin	
2 45		re	
3		[illegible]	
3 15	- 330 RCM	[illegible]	
3 30	- 1540 VP Drop by	[illegible]	
3 45	NRF [illegible] $5000		
4	- 1615 RR w/Hamilton		Rm 363 [illegible]
4 15	Oval Office		GEN V.C. Lang · Grimes
4 30			
4 45			Pres Drop by
5			Freshman Republicans
5 15			Brief Roosevelt Rm
5 30			
5 45			
6			
6 15			
6 30			
6 45			
7			
7 15			
7 30	NRF Dinner		
7 45	JW Marriott		

2030 Henley Park Hotel
2115 Rich Miller

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29 Week Beginning April

M. Peterson

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	MONDAY, APRIL 29, 119		TUESDAY, APRIL 30 120		WEDNESDAY, MAY 1 121
7		7		7	Breakfast [illegible]
7 15		7 15		7 15	Marlene [redacted]
7 30		7 30		7 30	
7 45		7 45		7 45	
8		8		8	
8 15		8 15		8 15	
8 30		8 30		8 30	
8 45		8 45		8 45	
9		9		9	
9 15	William Fenner	9 15		9 15	
9 30	Richard Fenns	9 30	CAPT Vincent Caslow	9 30	Terry [illegible]
9 45	[redacted] Donie	9 45	[illegible]	9 45	
10		10	[illegible] Staff Apts	10	
10 15		10 15	Terence Douglas	10 15	
10 30		10 30	Walt Doran	10 30	[illegible]
10 45		10 45		10 45	
11		11	[illegible]	11	
11 15		11 15		11 15	
11 30		11 30		11 30	
11 45		11 45		11 45	
12		12	[illegible] Biggs	12	[illegible]
12 15		12 15	[illegible]	12 15	
12 30		12 30		12 30	
12 45		12 45		12 45	Lunch [illegible]
1		1		1	
1 15		1 15		1 15	[illegible]
1 30		1 30		1 30	[illegible]
1 45		1 45		1 45	[illegible]
2		2		2	
2 15		2 15		2 15	
2 30		2 30		2 30	
2 45	[illegible]	2 45		2 45	
3		3		3	
3 15		3 15		3 15	
3 30		3 30		3 30	[illegible] Release
3 45		3 45		3 45	
4		4	Speaks/McBrien/Michel	4	
4 15		4 15	Kozak [illegible]	4 15	
4 30	[illegible]	4 30	[illegible]	4 30	Special [illegible]
4 45	[illegible]	4 45	BGEN. Donald [illegible]	4 45	[illegible]
5	[illegible]	5	[illegible]	5	Marlene [redacted]
5 15		5 15	[illegible] Field	5 15	
5 30		5 30	[illegible]	5 30	
5 45		5 45	[redacted]	5 45	
6		6	George Allen [redacted]	6	Dave [illegible]
6 15		6 15	Ch Brief	6 15	
6 30	Rich Miller	6 30	[illegible] the Policymakers	6 30	
6 45		6 45	[illegible] to the Agency	6 45	
7		7	[illegible] Military Analysis"	7	GEN Richard [illegible]
7 15		7 15		7 15	
7 30		7 30		7 30	M. Petersen
7 45		7 45		7 45	[redacted]

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JUNE						1985
S	M	T	W	T	F	S
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2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30						

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Week Ending May 5

THURSDAY, MAY 2 122

9:30 DF Principal Govt
9:45 Mtg UW
10 - ICCC Rm 210
10:15 - [illegible] Sec Secur
11:30 [illegible] Allen
11:45 [illegible] pkg
2 [illegible]
2:15 [redacted] [illegible]
2:30 w/C
7:30 Nathan Adams

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FRIDAY, MAY 3 123

8:15 [illegible] + [illegible]
11 [illegible] - cleared
11:30 Frank Gomez cld
12 [illegible] E.O. Conf w/
12:15 [illegible] Meica cld
12:30 [illegible]
12:45 [illegible] IPF Dallas
1 ([illegible])
3 [redacted]
4:30 Darby [illegible] Dr [illegible]
4:45 [illegible]
5 26177
6 Brooklyn Pizza [illegible] cld
6:15 Armstrong Wiggins
7 Robert Leiken - Carnegie Endowment [redacted]
7:15 Bernie Aronson / Penn Kemble
7:30 Mark Falcoff
7:45 "Planning a New Orientation"
2000 GEN [illegible] Uribe [illegible]

SATURDAY, MAY 4 124

11 1600 [illegible]
11:15 [redacted]
12:15 Deb, Party
12:30 "Sun Fun and Roses"
12:45 Casual
3:15 1930 [illegible]
3:30 Lynn Bouchey
3:45 [redacted]

SUNDAY, MAY 5 125

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10 Aug 87

Oliver North's Schedule

Thursday, May 2

0930 Fortier Principal Only Mtg (his office

1000-1200 Honduran Security Grp Rm 6210

1400 Michael Bussio (Blackwell - Job ?)

1930 Nathan Adams

Oliver North's Schedule

Friday, May 3

STUART Speaks

1130 Frank Gomez

1200 William A.B. Campbe
Richard Melchin
Canadian Conservati
Ctr met in IPF Dal

1630 Darby Award by Vessey
Chrmn's Dining Rm 2E

1830 Bob Leiken/Bernie Aronson/Penn Kemble/ Mark Falcoff
Carnegie Endowment

2000 TAMBS over

Oliver North's Schedule

Tuesday, Apr 30

0930 CAPT Vincent Onslow
Terrence Douglas
Walt Doran (VP)
re: High-level staff apts

1100 Nathan Adams

1200 Amb Everett Briggs (Panama)

1630 Retirement Ceremony
Gorman/BGEN Whalen
Ft. Myer Summerall Field

1900 ON Brief [redacted]
[redacted] "How the Policymakers look to the Agency for Military Analysis"
George Allen

Oliver North's Schedule

Wednesday, May 1

0700 Breakfast w/Moreau
Rm 2E872 [redacted]

0930 Terry Arnold

1030 Ken Khachigian

1200 Lunch w/Messing

[illegible]

[illegible]

1630 Special RIG Rm 6909 (Motley/Darby)

[illegible]

[illegible]

1930 IF TIME WH Tour

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6 Week Beginning May

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May '85
S M T W T F S
1 2 3 4
5 6 7 8 9 10 11
12 13 14 15 16 17 18
19 20 21 22 23 24 25
26 27 28 29 30 31

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	MONDAY, MAY 6 126	TUESDAY, MAY 7 127	WEDNESDAY, MAY 8 128
7			
7:15			
7:30			
7:45			
8			
8:15			
8:30			
8:45			Richard Miller
9			
9:15			
9:30	Gen. John [illegible]		Dennis & Kux - [illegible]
9:45	[illegible]		[redacted] [illegible]
10	[illegible]		
10:15	6-01		
10:30	Ca[illegible] [illegible]		Tom [illegible]
10:45	[illegible] - [redacted]		Eleanor [redacted]
11		[illegible] Gunderson	cleared
11:15		[illegible] [redacted]	
11:30		[illegible] low intensity conflict	
11:45		Cleared	Amb. Tambs - cleared
12			
12:15			
12:30			
12:45			
1			
1:15			
1:30			
1:45	Rich Miller - Cleared		
2			Cia [illegible] - Ca[illegible]
2:15			
2:30	Dana Bennet 7 cleared		
2:45	[illegible]		
3	([illegible])		
3:15	[redacted]		
3:30		Cent Am Public	Ca[illegible]
3:45		Diplomacy Mtg	
4	Ca[illegible]	Walt Raymond's ofc	JMP
4:15	Nancy [illegible]		
4:30		Arturo Cruz, Jr.	
4:45	Ca[illegible] to OEOB	Cleared	
5			
5:15			
5:30			
5:45			
6			
6:15			
6:30			Farewell Cocktails
6:45			The Rotunda
7			Brit Emb [illegible]
7:15			Andrew Green
7:30			[redacted]
7:45			

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2000 Farewell Dinner Andrew Green [illegible]
Wright Residence [redacted]

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OLIVER NORTH'S CALENDAR
MAY 8, 1985

0845 Rich Miller

0930 Dennis Kux

1030 John Stenbit - TRW

1145 AMB Tambs - lunch

1345 Car to CIA HQs

1400 Meeting at CIA HQs

1530 Car to OEOB

1645 Rich Miller
Ross Munro
Johnathan Miller

1830 Farewell/Cocktails
The Rotunda
British Embassy
[redacted]

[illegible]

OLLIE NORTH'S CALENDAR
MAY 13, 1985

1045 Don Fortier's office
Contra Issues

1145 [redacted]

1400 Adolfo Calero

1500 Mike Ledeen

1530 PCG Meeting

1700 Arturo Cruz, Jr.
Johnathan Miller

1730 Rich Miller

1830 LTC John Garrett

[illegible]

OLIVER NORTH'S SCHEDULE
MAY 6, 1985

[illegible]
[illegible]

1000-1400 Jack Kemp et. al.

1600 David Beisner
Ramundo Arras

2000 Farewell Dinner
Andrew Green
Wright Residence
[redacted]
Blacktie

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OLIVER NORTH'S SCHEDULE
MAY 7, 1985

1100 COL Martin Ganderson
re: low intensity
conflict

1530 Central America
Public Diplomacy
Meeting in Walt
Raymond's office

1630 Arturo Cruz, Jr.
Johnathan Miller

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OLIVER NORTH'S CALENDAR
MAY 23, 1985

[illegible] [redacted]
1200 Gale Brink - Lunch
1300 Andy Messing
1330 Raymond T. Wilson
Robert A. Pearson
(set up by DJ Mallman)
1500 Dr. William Walsh
1545 Amb John Ferch
2030 Charlie Allen, Paul
Murphy, Wayne Peal -
usual place

Oliver North's Schedu

Friday, May 24

0930 COL John Hocker
1100 NSC Mtg
1200 Lunch in WH Mess
Honor: Newt Gingric
and Wife
By: Elliott/Noonan
1300 - Rod McDaniel

Oliver North's Schedule

Tuesday, May 21

0900 Governor Claude Kirk
1000 Jonnathan Secure Call
1030 [redacted]
1200 Lunch at Metropolitan
Club w/Tom Reed
1500-
1530 ON on Terrorism Rm208
Fed Service Exec Ctr
1600 Buchanan Mtg
1645 [redacted]
1830 Council of Americas
DOS, B. Franklin Rm
(Amb Motley/Rockefeller
[illegible] - Jim Tully

Oliver North's Schedule

Wednesday, May 22

[illegible] [illegible] mtg.
1000 [redacted]
1045 Schneider Mtg on RMT
State Rm 1205
1200 Lunch w/GEN McClintoc
1330 Amb David McConnell
Randall Wood
Cody Ice
1400 Christina & Johnathan
(meet at State)
1730 Reception
Def Strategy Forum
1800 K Int'l Club
1800 Presentation by Cruz
1900 Dinner
2015 Int'l Club mtg w/ Rich Miller

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er North's Schedule

Wednesday, Jun 5

0730 ODSM

1030 OEOB VP Pre-Brief

1200 Lunch [redacted]
Rich Miller/Frank Gomez
Johnathan/Otto

1700 NSC Staff Mtg

Oliver North's Schedule

Thursday, June 6

1000 Fortier Meeting

1030 [redacted]

1200 Lunch w/Terry Dougl

1530 ON Speech on Terror
to Monroe Comm Coll
Rm 474 (for Gaston

1800 Retirement Merrill
Kelly (Cameron St
Buffett ($13.00)

Oliver North's Schedule

Monday, June 3

0900 - [illegible]

1000 [redacted]

1300 William Bodie
Carl Jenkins

1500 - [illegible]

1800- Republican Nat'l Cmte
PM Herbert Blaize
(Grenada)
Ritz-Carlton PotomacRm

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Oliver North's Schedule

Tuesday, June 4

0900 Bill Bodie
Carl Jenkins

0930 Kevin Latham (CMF)

1030 Ken deGraff Rm 3
Charlie Allen
Vince Cannistraro
re: terrorism

1345- OPM Dupont Plaza Hc
1430 Circle Rm
ON on Cent Am
Dr. James Van Dien

1600 Dr. Beal Dedicatio
Rm 208

1900- Congress Reception
Longworth HOB
Cafeteria
(over)

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Oliver North's Schedule

Monday, June 17

1030 GEN Richard Secord
Thomas Clines
Adolfo Calero

1515 Brief on Hijacking
for Sen Denton WHSR

1400 Richard Mathias
Western Gulf (Buchanan)
re: Nic FF promotional
programs

1630 Johnathan Miller
(green for bearded one)

1900 Bob Kimmitt "Bye-Bye!"
Indian Treaty Room

Oliver North's Schedule

Tuesday, June 18

0930 Bill Bodie
Carl Jenkins

1000 Fortier Mtg (Contra

1600 JMP on terr in WHSR
w/Bill Boyer (Hill)

1900- WHSR w/Barbara Newingt
2000 Carl Russell-Chann
and Rich Miller

2030 Metro Club w/Tambs

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Oliver North's Schedule

Thursday, June 13

[illegible]
Buchanan call
to Daily Oklahoman
re McCurdy

1300 Michael O'Byrne
Michael Hanson
(DIA re CAJIT)

1400 Donald Beattie
Douglas Rekenthaler
[redacted]
referred by MAJ Helm)

1500 SECNAV Lehman 4E686
1530 VADM Moreau 3E872
1655 Meese - Roosevelt Rm

1730 Elliott Abrahams
Rm 7802

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Oliver North's Schedule

Friday, June 14

"Calero/Walker Talks"

0730 ODSM

0830 Breakfast w/Secord
Sheraton-Carlton

0930 Thomas Patton
Richard Lehman
(terr Charlie Allen)

1400 [redacted]

1430 Fortier Mtg
1445 David / Calero

1800 Leave for NY

S/C Rm 838 -

[redacted] Bob Sims

S	M	T	W	T	F	S
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30	31			

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Week Ending June **30**

THURSDAY, JUNE 27	178
7	
7 15	
7 30	
7 45	
8	JMP / DF / JC / HT
8 15	RMcD / ON
8 30	
8 45	
9	CIA Wayne Strand
9 15	Vince Cannistraro
9 30	[redacted]
9 45	Allen
10	CPPG Rm 208
10 15	
10 30	
10 45	
11	
11 15	
11 30	[redacted]
11 45	
12	
12 15	
12 30	-16CC Meeting on [illegible]
12 45	[illegible]
1	
1 15	
1 30	CPPG Rm 208
1 45	
2	-16CC Rm 476
2 15	[illegible] TCR
2 30	Gregg - Menarchek -
2 45	Porter - McBrien -
3	[redacted] Acaway
3 15	
3 30	
3 45	
4	
4 15	
4 30	GEN Lewis - Parade
4 45	Ft Myer Summerall Field
5	
5 15	
5 30	
5 45	
6	
6 15	
6 30	Rm 208 ON Brief
6 45	Rich Miller
7	
7 15	
7 30	Dinner
7 45	M. David Hannay

2000 2220 [illegible]
Eisenpr [redacted]

FRIDAY, JUNE 28	179
7	
7 15	
7 30	
7 45	
8	Task Force Mtg
8 15	(DF / JMP / JC / HT / ON
8 30	WFM / RMcD)
8 45	
9	
9 15	
9 30	
9 45	
10	
10 15	
10 30	CPPG Rm 208
10 45	
11	
11 15	
11 30	
11 45	
12	
12 15	
12 30	
12 45	
1	
1 15	
1 30	
1 45	
2	
2 15	
2 30	
2 45	
3	1700 Rm 450 for the
3 15	Friends of Mujahidin
3 30	Reception 1700-1800
3 45	Indian Treaty Rm
4	
4 15	
4 30	
4 45	
5	Singlaub / Owen
5 15	
5 30	
5 45	
6	Sharon Rehearsal
6 15	
6 30	Depart National
6 45	for Miami
7	
7 15	[redacted]
7 30	
7 45	

1130 Depart Miami

SATURDAY, JUNE 29	180
7	
7 15	
7 30	Mtg
7 45	
8	
8 15	
8 30	
8 45	
9	
9 15	
9 30	
9 45	
10	
10 15	
10 30	
10 45	
11	WHSR
11 15	[illegible]
11 30	Advisor to PM Israel
11 45	on C-T
12	
12 15	Oakley - HT - JC - [illegible]
12 30	
12 45	
1	
1 15	
1 30	
1 45	
2	
2 15	
2 30	
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3	
3 15	
3 30	
3 45	
4	
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4 30	
4 45	

SUNDAY, JUNE 30 181

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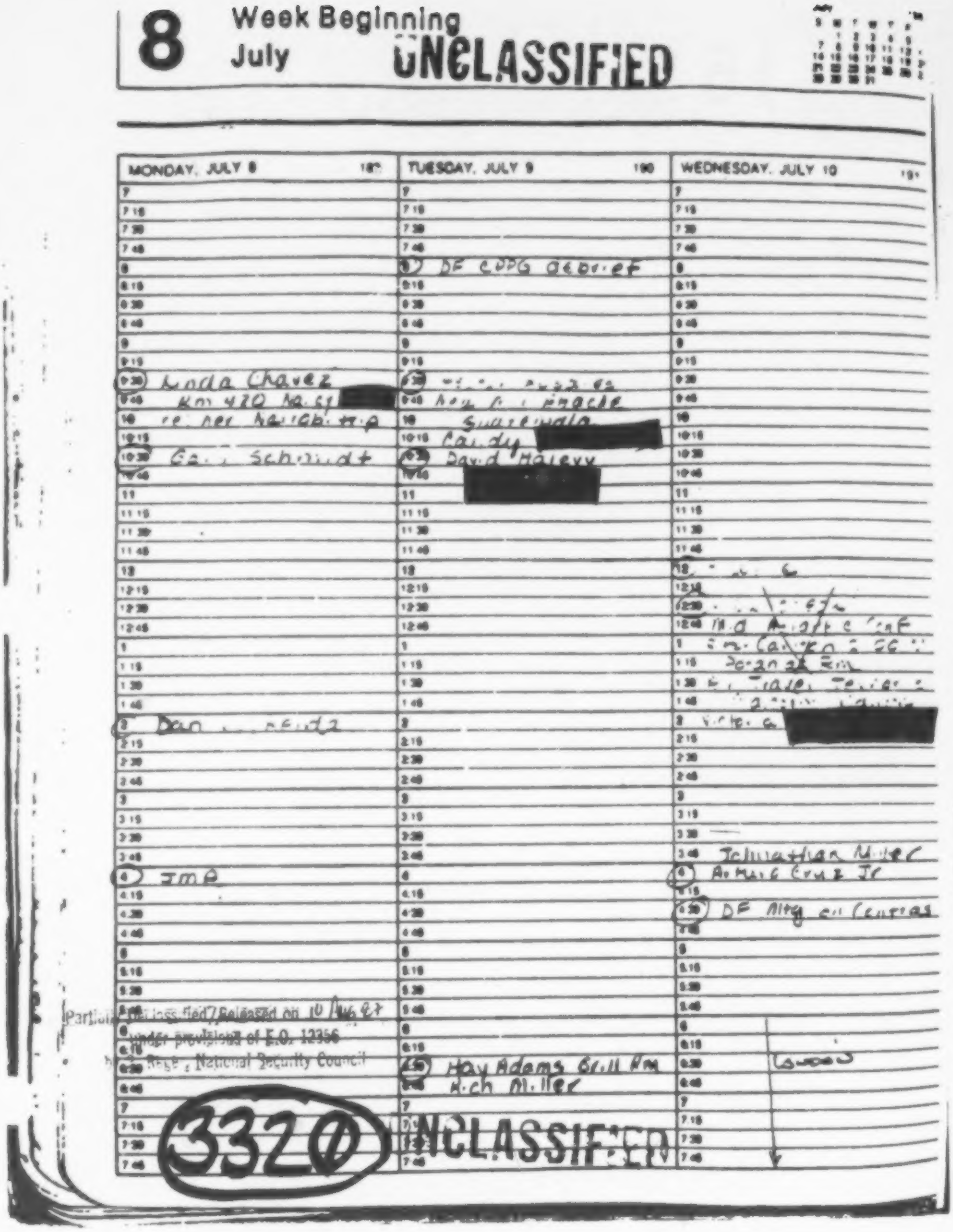

8 Week Beginning July

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MONDAY, JULY 8 189	TUESDAY, JULY 9 190	WEDNESDAY, JULY 10 191
7	7	7
7 15	7 15	7 15
7 30	7 30	7 30
7 45	7 45	7 45
8	8 DF CDPG debrief	8
8 15	8 15	8 15
8 30	8 30	8 30
8 45	8 45	8 45
9	9	9
9 15	9 15	9 15
9 30 Linda Chavez	9 30 [illegible]	9 30
9 45 Rm 420 Na.cy [redacted]	9 45 [illegible] Arocha	9 45
10 re: her [illegible] trip	10 Guatemala [redacted]	10
10 15	10 15 Candy	10 15
10 30 [illegible] Schmidt	10 30 David Halevy	10 30
10 45	10 45 [redacted]	10 45
11	11	11
11 15	11 15	11 15
11 30	11 30	11 30
11 45	11 45	11 45
12	12	12 [illegible]
12 15	12 15	12 15
12 30	12 30	12 30 [illegible]
12 45	12 45	12 45 M.O. [illegible] Conf
1	1	1 [illegible]
1 15	1 15	1 15 [illegible] Rm
1 30	1 30	1 30 [illegible]
1 45	1 45	1 45 [illegible]
2 Dan [illegible]	2	2 Victor G. [redacted]
2 15	2 15	2 15
2 30	2 30	2 30
2 45	2 45	2 45
3	3	3
3 15	3 15	3 15
3 30	3 30	3 30
3 45	3 45	3 45 Johnathan Miller
4 JMP	4	4 Armand Cruz Jr
4 15	4 15	4 15
4 30	4 30	4 30 DF Mtg on Centras
4 45	4 45	4 45
5	5	5
5 15	5 15	5 15
5 30	5 30	5 30
5 45	5 45	5 45
6	6	6
6 15	6 15	6 15
6 30	6 30 Hay Adams Grill Rm	6 30 [illegible]
6 45	6 45 Rich Miller	6 45
7	7	7
7 15	7 15	7 15
7 30	7 30	7 30
7 45	7 45	7 45

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15 Week Beginning July

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S	M	T	W	T	F	S
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30	31			

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	MONDAY, JULY 15 196	TUESDAY, JULY 16 197	WEDNESDAY, JULY 17
7			
7 15			
7 30			
7 45			
8			AFB
8 15			
8 30			Accompany [illegible]
8 45			
9			Administrator
9 15			
9 30		Nathan Adams	
9 45		Francis Lostys	
10			to
10 15			
10 30		[illegible]	[illegible]
10 45		[redacted]	
11	[illegible]		
11 15	Dr. Manley	Richard K Miller	[illegible]
11 30		Frank Gomez	
11 45		Cleared	
12			
12 15			
12 30	Col. Hecker		
12 45	[illegible]		
1			
1 15			
1 30			
1 45	[redacted]		
2		Don Fortier	
2 15			
2 30			
2 45			
3			
3 15			
3 30		Rm 6909 [illegible]	
3 45		Funding IADB	
4		(Schweitzer)	
4 15		Dick Thompson [redacted]	
4 30	Mtg w/ LD Don Gregg		
4 45	Craig Fuller		
5	ABC Role in Recovery		
5 15	Canada Trip re Terrorism		
5 30	NSDD & task force procedure		
5 45	Ed Djerejian		
6			
6 15			
6 30			
6 45			
7	Rob Owen	Charlie Allen	
7 15	Charlie Allen		
7 30	[redacted]		
7 45			

2100 AFB

3321

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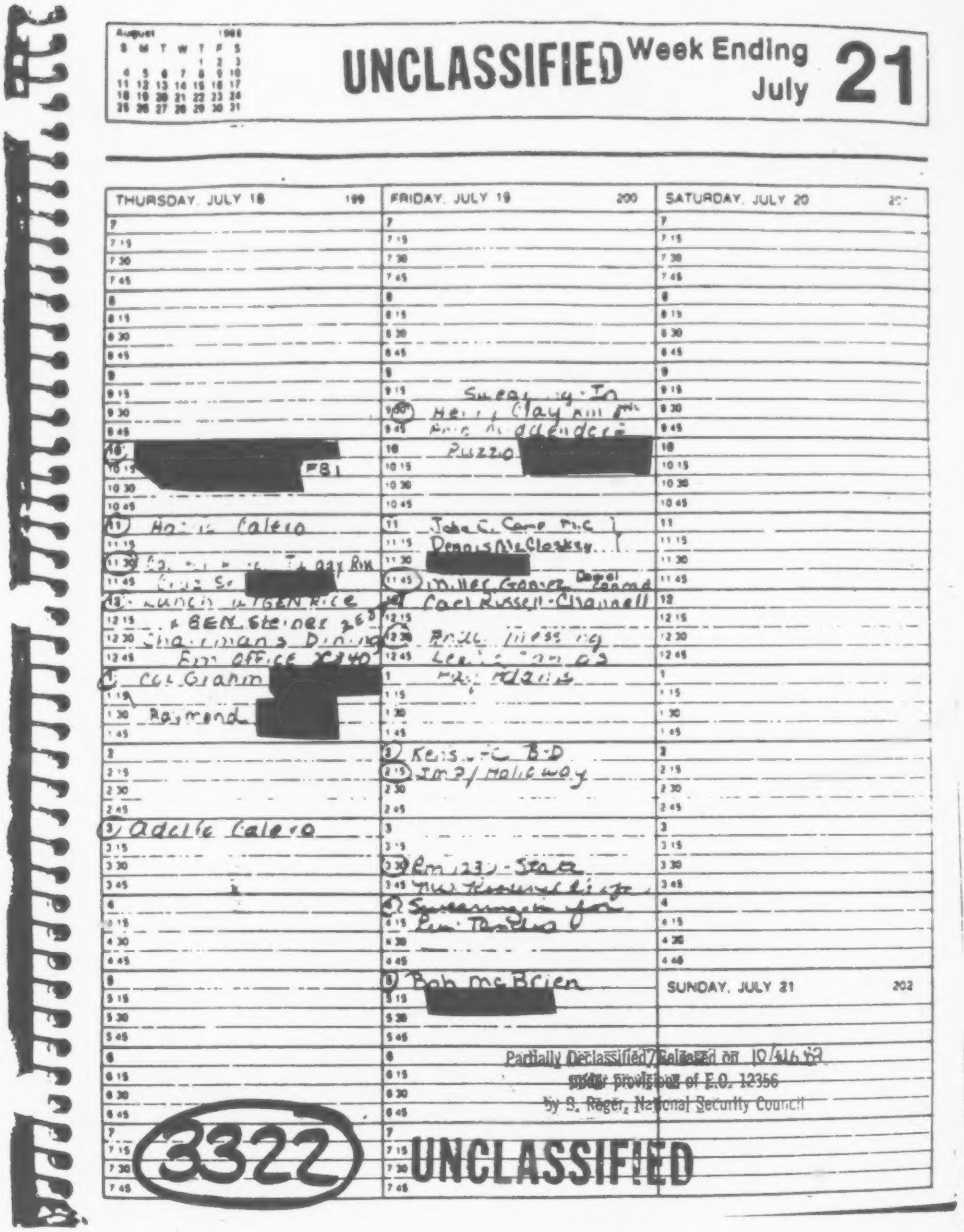

August						1985
S	M	T	W	T	F	S
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4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	31

UNCLASSIFIED Week Ending July **21**

	THURSDAY, JULY 18 199	FRIDAY, JULY 19 200	SATURDAY, JULY 20 201
7			
7 15			
7 30			
7 45			
8			
8 15			
8 30			
8 45			
9			
9 15		Swearing-In	
9 30		9³⁰ Henry Clay Rm [illegible]	
9 45		[illegible]	
10	10 [redacted] FBI	Puzzo [redacted]	
10 15			
10 30			
10 45			
11	11 Ha[illegible] Calero	John C. Camp [illegible]	
11 15		Dennis McCloskey	
11 30	11³⁰ [illegible] Rm	[redacted]	
11 45	[illegible] Sr [redacted]	11 45 Miller Gomez Daniel Conrad	
12	12 Lunch w/GEN Rice	12 Carl Russell - Channell	
12 15	+ BEN Steiner 2ED		
12 30	Chairmans Dining	12³⁰ Brief Meeting	
12 45	Erm Office X2140	Lewis [illegible]	
1	1 Col Grahm [redacted]	[illegible] Adams	
1 15			
1 30	Raymond [redacted]		
1 45			
2		2 Keis[illegible] B-D	
2 15		2 15 JMP/Holloway	
2 30			
2 45			
3	3 Adelle Calero		
3 15			
3 30		3³⁰ Rm 233 - State	
3 45		[illegible]	
4		4 Swearing in for	
4 15		[illegible]	
4 30			
4 45			
5		5 Bob McBrien	SUNDAY, JULY 21 202
5 15		[redacted]	
5 30			
5 45			
6			
6 15			
6 30			
6 45			
7			
7 15			
7 30			
7 45			

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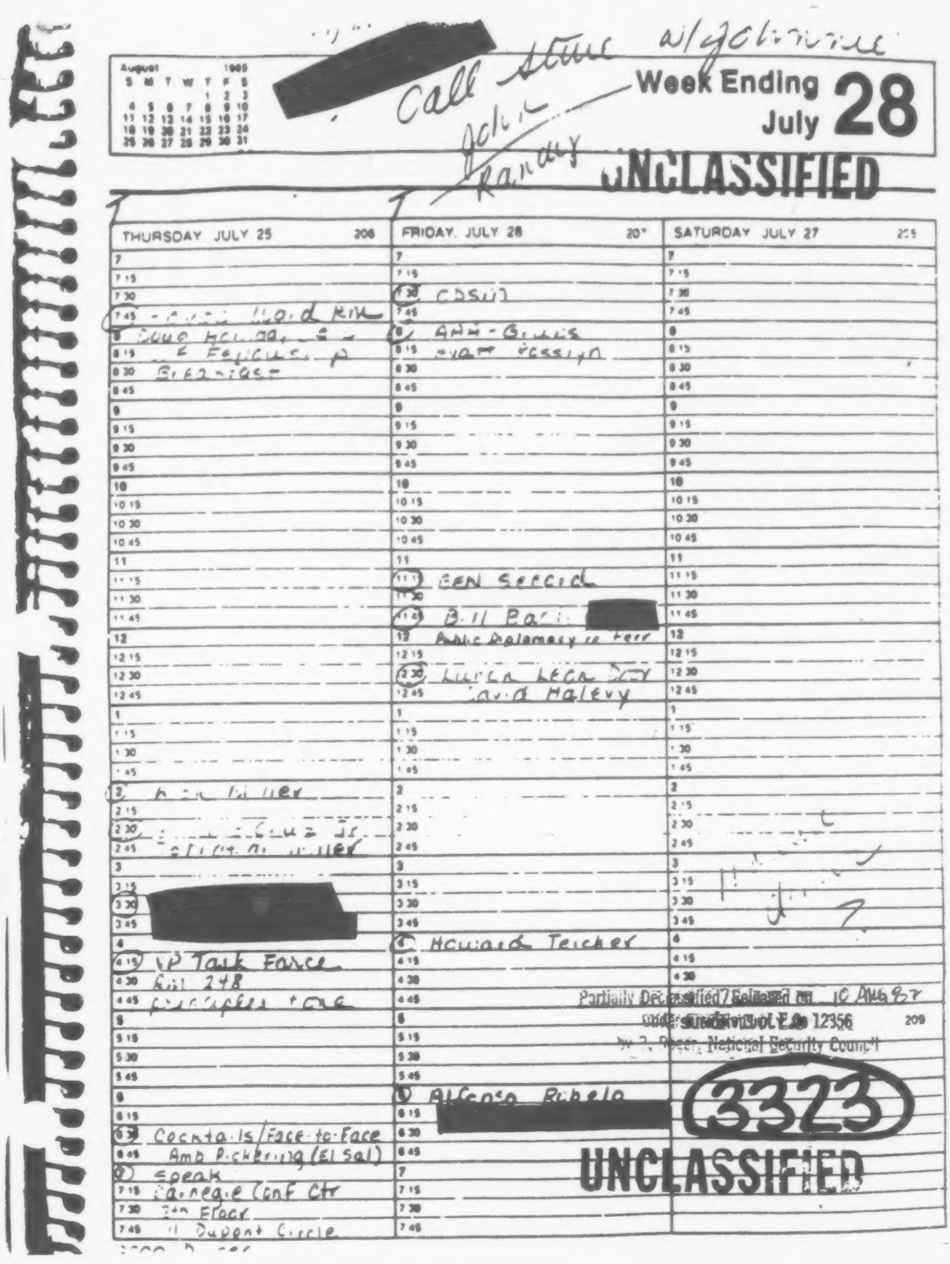

[redacted] Call Steve w/ Johnnie

John

Randy

Week Ending July 28

August 1985

S	M	T	W	T	F	S
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	31

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THURSDAY JULY 25 206

7 45 [illegible] Hold Rm
8 Doug Holladay, [illegible]
8 15 [illegible] Feulner, [illegible]
8 30 Breakfast
2 [illegible] Miller
2 30 [illegible] Cruz Jr.
2 45 [illegible] Miller
3 30 [redacted]
4 15 VP Task Force
4 30 Rm 248
4 45 [illegible]
6 30 Cocktails/Face-to-Face
6 45 Amb Pickering (El Sal)
7 Speak
7 15 Carnegie Conf Ctr
7 30 2nd Floor
7 45 11 Dupont Circle
[illegible]

FRIDAY JULY 26 207

7 30 CDSW
8 AHA - Gillis
8 15 [illegible] session
11 15 Gen Secord
11 45 Bill Par [redacted]
12 Public Diplomacy re Terr
12 30 Lunch [illegible]
12 45 David Halevy
4 Howard Teicher
6 Alfonso Robelo
6 15 [redacted]

SATURDAY JULY 27 208

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September 1985

S	M	T	W	T	F	S
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30					

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[illegible]

Week Ending August **25**

THURSDAY, AUGUST 22 234	FRIDAY, AUGUST 23 235	SATURDAY, AUGUST 24 236
7	7	7
7 15	7 15	7 15
7 30	7 30	7 30
7 45 [illegible] Don [illegible]	7 45	7 45
8 Terry Arnold	8 [illegible] Adams	8
8 15	8 15	8 15
8 30 NO ODSM.	8 30	8 30
8 45	8 45	8 45
9	9	9
9 15	9 15	9 15
9 30 [redacted]	9 30	9 30
9 45	9 45	9 45
10 [illegible]	10	10
10 15 [illegible]	10 15	10 15
10 30 [redacted]	10 30 St. John Garwood	10 30
10 45 [illegible]	10 45 Frank Gomez	10 45
11 [illegible] Hughes [illegible]	11	11
11 15	11 15	11 15
11 30	11 30	11 30
11 45	11 45	11 45
12 [illegible]	12 [illegible]	12
12 15 [illegible]	12 15 Dan Cunningham	12 15
12 30 [illegible] w/Dave	12 30 [illegible] Bldg, Springfield	12 30
12 45	12 45	12 45
1	1	1
1 15	1 15	1 15
1 30	1 30	1 30 Partially Declassified/Released on 10 Aug 87
1 45	1 45	1 45 under provisions of E.O. 12356
2	2	2 by [illegible], National Security Council
2 15	2 15	2 15
2 30	2 30	2 30 [illegible]
2 45	2 45	2 45
3	3	3
3 15	3 15	3 15 [illegible]
3 30 [illegible] Israil	3 30	3 30 [illegible]
3 45 [illegible] Calley	3 45	3 45
4	4	4
4 15	4 15	4 15
4 30	4 30	4 30
4 45	4 45	4 45
5 Johnathan →	5	SUNDAY, AUGUST 25 237
5 15	5 15	
5 30	5 30 Amb Edwin Corr	
5 45	5 45 [illegible] [redacted]	3324
6 Franci Gomez	6	
6 15 Carl Russell Channell	6 15 date	UNCLASSIFIED
6 30 Barbara Christian	6 30 [illegible]	
6 45 ~~Nancy Ramsey~~	6 45	
7 John Ramsey Jr.	7	
7 15 ~~St. John Garwood~~	7 15 Ed [illegible]	
7 30 Mary Adamkiewicz	7 30	
7 45 ~~[illegible]~~	7 45	

October 1985
S M T W T F S
1 2 3 4 5
6 7 8 9 10 11 12
13 14 15 16 17 18 19
20 21 22 23 24 25 26
27 28 29 30 31

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Week Ending September 8

THURSDAY, SEPTEMBER 5 248		FRIDAY, SEPTEMBER 6 249		SATURDAY, SEPTEMBER 7 250	
7		7		7	
7 15		7 15		7 15	
7 30	CD[illegible] [illegible]	7 30	C[illegible] [illegible]ER	7 30	
7 45		7 45		7 45	
8		8		8	
8 15		8 15		8 15	
8 30		8 30		8 30	
8 45		8 45		8 45	
9		9		9	
9 15		9 15		9 15	
9 30	- 1030 ENT/3C200	9 30		9 30	
9 45	[illegible] Edmonson (Lothan)	9 45		9 45	
10	Becky [redacted]	10	James L Hogie	10	
10 15	[illegible] Charles Hauk[illegible]	10 15	NFR [redacted]	10 15	
10 30	[illegible] / Deception	10 30	[illegible]	10 30	
10 45	Counter-Terrorism	10 45		10 45	
11	Counter-Insurgency	11	R. [illegible] Carney	11	
11 15		11 15	[illegible]	11 15	
11 30		11 30	CA Supplemental	11 30	
11 45	[illegible] Sadler	11 45	7 Remaining [illegible]	11 45	
12	[illegible]	12	16/T [redacted]	12	
12 15		12 15	- 2 [illegible]	12 15	
12 30		12 30		12 30	
12 45		12 45		12 45	
1	[illegible] [redacted]	1		1	
1 15		1 15		1 15	
1 30		1 30		1 30	
1 45		1 45		1 45	
2	[illegible]	2		2	
2 15	[illegible] 4 [illegible]	2 15		2 15	
2 30	AG [illegible] 62x3	2 30		2 30	
2 45	[illegible] [redacted]	2 45		2 45	
3		3		3	
3 15		3 15		3 15	
3 30		3 30		3 30	
3 45		3 45	Michael Ledeen	3 45	
4	Arturo Cruz Jr.	4	Jack Carey	4	
4 15		4 15	[redacted]	4 15	
4 30		4 30		4 30	
4 45		4 45		4 45	
5		5		SUNDAY, SEPTEMBER 8 251	
5 15	Terry Hencld	5 15			
5 30		5 30			
5 45		5 45			
6	Carl Russell Channel,	6			
6 15	Daniel Lynn Conrad	6 15			
6 30	Richard R. Miller	6 30	Dennis [illegible]		
6 45		6 45	[illegible] Bolinda		
7		7			
7 15		7 15			
7 30		7 30			
7 45		7 45			

2020 Eric Wright [illegible]

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16 Week Beginning September UNCLASSIFIED

September
S M T W T F S
1 2 3 4 5 6
8 9 10 11 12 13
15 16 17 18 19 20
22 23 24 25 26 27
29 30

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	MONDAY, SEPTEMBER 16 259	TUESDAY, SEPTEMBER 17 260	WEDNESDAY, SEPTEMBER 18 261
7			
7:15			
7:30			
7:45			
8			
8:15			
8:30			
8:45			
9	Moreau, [redacted] North		Alicia [illegible]
9:15			
9:30		GEN Richard Secord	
9:45		Mike Ledeen	
10			
10:15			
10:30			VP TF on C-T
10:45			Roos Rm w/ [illegible]
11		[illegible] Frank Gomez	
11:15		Spitz - Fred Sacher	[illegible]
11:30		Dan Conrad Rm 371	
11:45			[illegible]
12			Lunch w/ [illegible]
12:15			[illegible]
12:30		Lunch [illegible]	[redacted]
12:45		McDonalds	
1			[illegible]
1:15			[illegible] Chief of [illegible]
1:30			Mr [illegible]
1:45			[redacted]
2			
2:15		GEN Gorman	
2:30	[illegible]		
2:45	[illegible] CM [illegible]		
3	[illegible] [redacted]		
3:15			
3:30			
3:45			
4	VP TF in Roos Rm		
4:15			
4:30			
4:45			
5			
5:15			
5:30			
5:45			
6			Bruce [illegible]
6:15			
6:30			
6:45			
7			Rich Miller
7:15			
7:30			
7:45			

2145 Andrews AFB

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30 Week Beginning September

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	MONDAY, SEPTEMBER 30 273	TUESDAY, OCTOBER 1 274	WEDNESDAY, OCTOBER 2 275
7			
7:15			
7:30	[illegible]	[illegible]	
7:45			
8			
8:15	Breakfast w/C Lehman		
8:30	HAGR	Breakfast at HAGR	
8:45		w/Ken Bleakley	
9		Helen [redacted]	
9:15			
9:30		Pub Dip Mtg	
9:45			
10		Terry Hincld	[redacted]
10:15	Ai Fr Ends Service Centr	[redacted]	
10:30	Jim Merlock [redacted]		
10:45	"red names" Rm 371		
11			
11:15			
11:30			
11:45			
12			
12:15			
12:30			
12:45			
1			
1:15			
1:30			
1:45	Lyle Cox	[illegible]	
2	Mike Udeen	[illegible]	[illegible]
2:15		[redacted] [illegible]	[illegible]
2:30		[illegible]	36 [illegible] [redacted]
2:45		[illegible]	
3			
3:15			
3:30			
3:45			
4	Farewell Gil Rye	TIWG [illegible]	
4:15	Rm 474		
4:30			
4:45			
5			
5:15			
5:30	Gomez / R. Miller	Michel Malter	
5:45	Conrad / Spitz	Durenberg [redacted]	
6		Rm 6263	
6:15			
6:30			
6:45			
7		Marriott 14th & Penn	Vince Cannistrar
7:15		Chris Lehman	Charlie Place's
7:30	GEN Second	[redacted]	
7:45	HAGR		

Rep Ireland Dinner
sen Grahm Bullrm Table 7

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14 Week Beginning October

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October
S M T W T F S
1 2 3 4
6 7 8 9 10 11
13 14 15 16 17 18
20 21 22 23 24 25
27 28 29 30 31

COLUMBUS DAY

	MONDAY, OCTOBER 14 287	TUESDAY, OCTOBER 15 288	WEDNESDAY, OCTOBER 16 28
7			
7:15			
7:30		CDSTL	
7:45			
8			
8:15			
8:30			
8:45			
9			
9:15			
9:30		Mike [illegible] Pack	Alan Aiocso -
9:45		Jadie [redacted]	[redacted]
10		Pub Dp Mtg	
10:15			
10:30			
10:45			
11			
11:15		GEN Dick Secord	car
11:30			-1200 Rm 6263
11:45			Abrams [illegible]
12		Tel [illegible]	[illegible] U.S. Services
12:15		Lunch cut	or Cent [illegible]
12:30			
12:45			
1			car
1:15			
1:30			Cresencio Arc
1:45		Rich Miller	Roc Cuen
2			
2:15			
2:30		~~Th[illegible] Fred~~	
2:45		~~[illegible]~~ Fischer	Spitz - Don [illegible]
3		[redacted] Peggy	Fred Sacher
3:15		Michael Ledeen	Rich Miller
3:30			car
3:45			
4			- [redacted]
4:15			Steve [illegible]
4:30			Montreal
4:45			
5			
5:15			
5:30			car
5:45			
6			-2000 Dole - Baker -
6:15			+ Publisher Bill [illegible]
6:30			The Nat'l Press Club
6:45			Ballroom 13th Fl
7	Dinner w/Dora		[redacted]
7:15	Lenczowski	Jonnathan	Cocktails - for d[illegible]
7:30	Bob Reilly	Daniel Shriver	+ Betsy
7:45	[redacted]	[redacted]	

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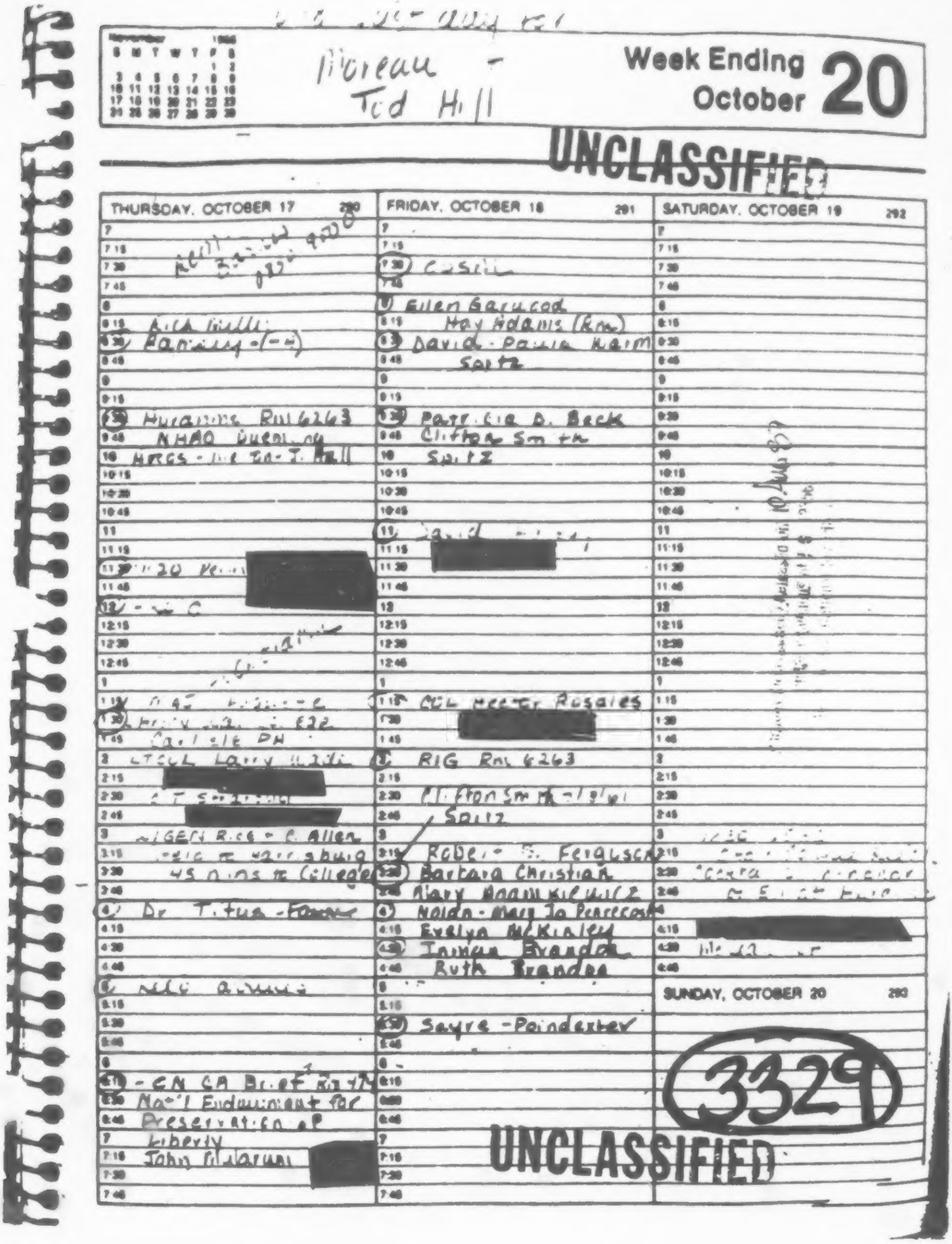

[illegible]

November						1985
S	M	T	W	T	F	S
					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30

Moreau - Ted Hill

Week Ending October 20

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Time	THURSDAY, OCTOBER 17 290	FRIDAY, OCTOBER 18 291	SATURDAY, OCTOBER 19 292
7			
7:15	Rich [illegible] 9228		
7:30		Casili	
7:45			
8		Ellen Garwood	
8:15	Rich Miller	Hay Adams (Rm)	
8:30	Barnsley [illegible]	David - Paula Keim	
8:45		Spitz	
9			
9:15			
9:30	Hurricane Rm 6263	Patricia D. Beck	
9:45	NHAO Briefing	Clifton Smith	
10	HRCS - [illegible] T. Hall	Spitz	
10:15			
10:30			
10:45			
11		David [illegible]	
11:15		[redacted]	
11:30	11:20 [illegible] [redacted]		
11:45			
12	- [illegible] C		
12:15			
12:30	[illegible]		
12:45			
1			
1:15	[illegible]	COL Hector Rosales	
1:30	[illegible] E22	[redacted]	
1:45	Carlisle PA		
2	LTCOL Larry [illegible]	RIG Rm 6263	
2:15	[redacted]		
2:30	C T [illegible]	Clifton Smith - [illegible]	
2:45	[redacted]	Spitz	
3	w/ GEN Rice - P. Allen		[illegible]
3:15	[illegible] Harrisburg	Robert S. Ferguson	[illegible]
3:30	45 mins to College	Barbara Christian	[illegible]
3:45		Mary Adamkiewicz	[illegible]
4	Dr Titus - [illegible]	Nolda - Mary Jo Pearcecost	
4:15		Evelyn McKinley	[redacted]
4:30		Inman Brandon	[illegible]
4:45		Ruth Brandon	
5	NLC [illegible]		SUNDAY, OCTOBER 20 293
5:15			
5:30		Sayre - Poindexter	
5:45			
6			3329
6:15	- CN CA Brief Rm [illegible]		
6:30	Nat'l Endowment for		
6:45	Preservation of		
7	Liberty		
7:15	John [illegible] [redacted]		
7:30			
7:45			

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November 1985
S M T W T F S
1 2
3 4 5 6 7 8 9
10 11 12 13 14 15 16
17 18 19 20 21 22 23
24 25 26 27 28 29 30

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Week Ending
October 27

THURSDAY, OCTOBER 24 297
7:30 CDSM WHSR
9:30 Randy Fort PFIAB
9:45 Amb John McCarthy
10 Jeremy Newman
10:15 MAJ David Kobey
10:30 (Aus Amb to ... and
10:45 all CA) [redacted]
11 mtg w/Burghardt
11:15 [illegible]
2:30 [redacted]
7:30 Bill Haskell

FRIDAY, OCTOBER 25 298
7:30 DDSM WHSR
9:30 [redacted] FBI
10 - 1030 [illegible] Brief
10:15 "Military Ministries
10:30 Campus Crusade"
10:45 Carolyn Sunset - OPL
11 [redacted] Rm 176
11:30 Gen. Galvin 2E840
11:45 Pres w/Mrs. Klinghoffer
12 NYC Waldorf
1:15 1400 RIG Rm 6263
2 - 1600 [illegible]
2:15 [illegible]
2:30 For Service Institute
2:45 Workshop [redacted]
3 Terry Arnold
3:30 Swearing-In 3E912
3:45 Bob Sims [redacted]
4:30 Bob Leiken - Bruce Cameron
6 Rich Miller

SATURDAY, OCTOBER 26 299
1:15 [illegible]
2 w/ [illegible]
3:30 7:30 [illegible]
4 9:30

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SUNDAY, OCTOBER 27 300

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28 Week Beginning October

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	MONDAY, OCTOBER 28 301	TUESDAY, OCTOBER 29 302	WEDNESDAY, OCTOBER 30 303
7			
7:15			
7:30	CDSM	CDSM WHSR	
7:45			
8			
8:15			
8:30		Rob Owen	
8:45		Chris Arcos	
9			
9:15			
9:30		Fortier - [redacted] Michel	
9:45		Sapia - Bez re Nic Leg	
10	Walt Raymond mtg		ON Brief on CA - New
10:15			Nat'l Ldrshp Am Legion
10:30			Rm 176 L. Enel [redacted]
10:45			
11		John Douglass [redacted]	IG/T Rm 2236
11:15			[illegible]
11:30		"Run" Bob Earl	[redacted]
11:45			
12			
12:15			
12:30	Betsy - McFar		Moreau-Claridge
12:45			[illegible] WHSR
1			
1:15		Frederica Messing	
1:30			
1:45			
2	CAUG (IG/T) Rm 2236		
2:15	Hqs - Terr Asst Program		
2:30	IG Conf Rm	Rick Miller - Spitz	
2:45	Frank Fullgham [redacted]		
3		[redacted]	
3:15	[illegible] Gene Douglas		
3:30			Walt Raymond mtg
3:45			
4		Happy B.D. John Grimes	Mike [illegible]
4:15			
4:30			
4:45	- Pres ~~w/hostage~~		
5	Families Roos Rm	Mtg w/Copp · Ginstead	NSC Staff
5:15	RCM-Oakley-North		
5:30	until 6:00pm		
5:45			
6			RCM-Ledeen-ON
6:15			
6:30			
6:45			
7		Nat'l Air & Space Museum	GEN Secord
7:15		Independence & 6 SW	
7:30		EASCON 85	
7:45		"The Dream is alive"	

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2000 Kennedy Ctr
"The Lady Remembers"
[illegible]

Betsy #37

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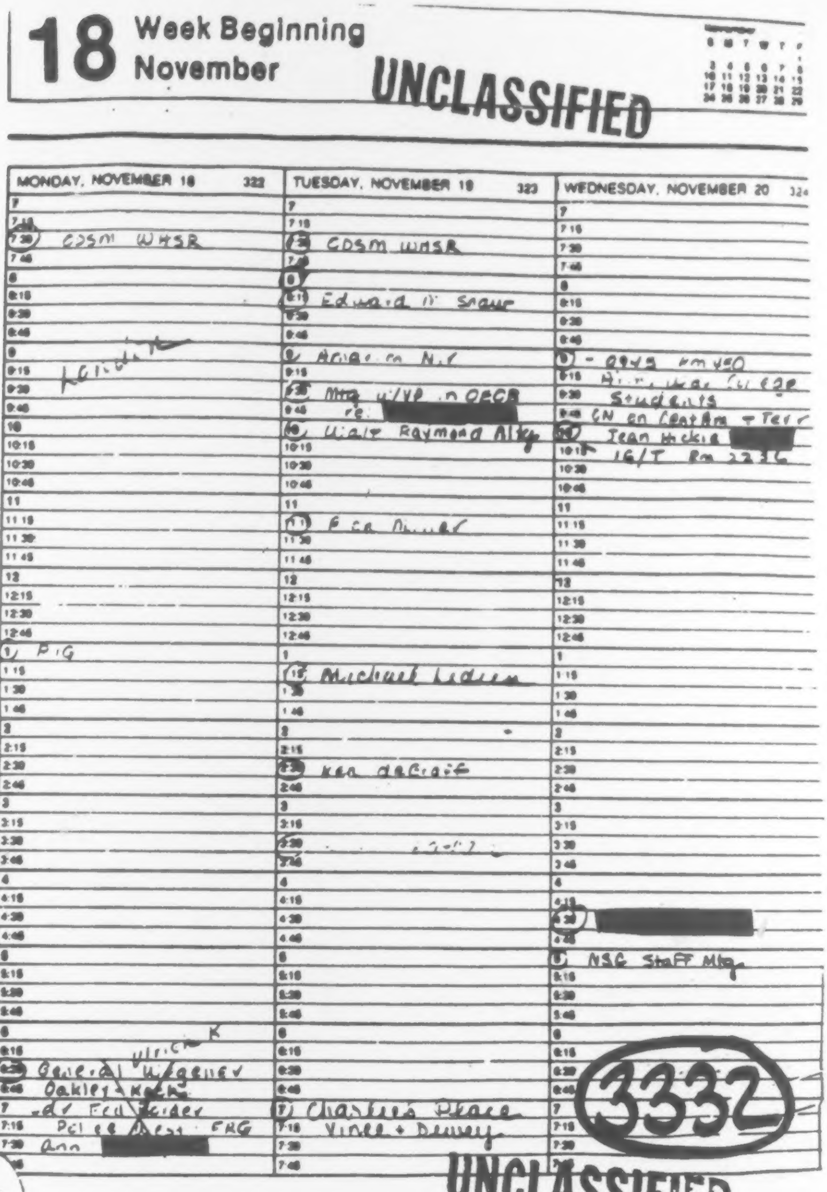

18 Week Beginning November

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	MONDAY, NOVEMBER 18 322	TUESDAY, NOVEMBER 19 323	WEDNESDAY, NOVEMBER 20 324
7			
7:15			
7:30	CDSM WHSR	CDSM WHSR	
7:45			
8			
8:15		Edward W Shaw	
8:30			
8:45			
9		Arias on N.C	- 0945 Rm 450
9:15	[illegible]		Air War College
9:30		Mtg w/VP in OEOB	Students
9:45		re: [redacted]	CN on CentAm + Terr
10		Visit Raymond Atty	Jean Hickie [redacted]
10:15			16/T Rm 2236
10:30			
10:45			
11			
11:15		F co Dinner	
11:30			
11:45			
12			
12:15			
12:30			
12:45			
1	PIG		
1:15		Michael Ledeen	
1:30			
1:45			
2			
2:15			
2:30		Ken deGraff	
2:45			
3			
3:15			
3:30		[illegible]	
3:45			
4			
4:15			
4:30			[redacted]
4:45			
5			NSC Staff Mtg
5:15			
5:30			
5:45			
6			
6:15	Ulrich K		
6:30	General Wegener		
6:45	Oakley + Koch		
7	dr Fed Border	Charlie's Place	
7:15	Police Dept FRG	Vince + Dewey	
7:30	Ann [redacted]		
7:45			

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December						1985
S	M	T	W	T	F	S
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30	31				

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Week Ending November 24

THURSDAY, NOVEMBER 21 325		FRIDAY, NOVEMBER 22 326		SATURDAY, NOVEMBER 23 327
7		7		7
7 15		7 15		7 15
7 30		7 30		7 30
7 45		7 45		7 45
8	CDSM WHSR	8	CDSM WHSR	8
8 15		8 15		8 15
8 30		8 30	Walker - Hicos	8 30
8 45		8 45	Breakfast McDonalds	8 45
9		9		9
9 15		9 15		9 15
9 30	Ruven Kakavocez	9 30		9 30
9 45	Israeli	9 45		9 45
10		10	Tom Claggett	10
10 15		10 15	Spitz - Rich Miller	10 15
10 30		10 30		10 30
10 45		10 45		10 45
11		11	[illegible] Parker	11
11 15		11 15		11 15
11 30		11 30	Max Nygaard	11 30
11 45		11 45		11 45
12		12		12
12 15		12 15		12 15
12 30	~~Lunch Capitol Hill Club~~	12 30		12 30
12 45	~~[illegible] - Blakemore~~	12 45		12 45
1	~~Erig - Center~~	1		1
1 15		1 15		1 15
1 30		1 30		1 30
1 45		1 45		1 45
2		2		2
2 15		2 15		2 15
2 30		2 30		2 30
2 45		2 45		2 45
3	[redacted] [illegible] Rm 176	3		3
3 15	~~Allen - Oakley~~	3 15		3 15
3 30	Rice - [redacted]	3 30		3 30
3 45		3 45		3 45
4		4		4
4 15		4 15		4 15
4 30	Martha D. Lynch	4 30		4 30
4 45	Spitz - Rich Miller	4 45		4 45
5	William J. O'Neil	5		
5 15		5 15	3333	
5 30		5 30		
5 45		5 45		
6	Rm 176 "Spitz Group"	6		
6 15	[redacted] Lines	6 15		
6 30		6 30		
6 45		6 45		
7		7		
7 15		7 15		
7 30		7 30		
7 45		7 45		

SUNDAY, NOVEMBER 24 328

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9 Week Beginning December

Time	MONDAY, DECEMBER 9 — 343	TUESDAY, DECEMBER 10 — 344	WEDNESDAY, DECEMBER 11 — 345
7			
7:15			
7:30	CDSAI W/HSR	CDSAI W/HSR	
7:45			
8			
8:15			
8:30			
8:45			
9		Ben Elliott	[redacted]
9:15			
9:30			Tillman W/HSR
9:45			SRG VP TF on C-T
10	Anne Greene, S/C	w/a - Raymond [illegible]	Rm 208
10:15	[redacted]		
10:30		RIG Rm 6263	
10:45			
11			
11:15			
11:30			Johnathan Miller
11:45			
12	Eastern Shuttle		
12:15	to NY		
12:30	Tom Reed Trial		
12:45			
1			
1:15			
1:30			
1:45			
2		CAPT Thomas Daly	
2:15		LCDR Christopher MacMurray	
2:30	[illegible] 902	[redacted] Rm 370	
2:45			
3			
3:15			
3:30			
3:45		Amb John Ferch	
4		[redacted]	Nelson Bunker Hunt
4:15			[redacted] Spitz
4:30		Amb Harry Bergold	
4:45		w/JMP [redacted]	
5			NSC Staff mtg.
5:15			[redacted]
5:30			
5:45			
6		Vince Cannistraro	
6:15		Spitz - Rich - Dan	6:10 Depart Andrews AF
6:30			Poindexter
6:45			Abrams - Walker
7			[redacted] - P. Thompson
7:15			O. North
7:30	Stanley Sporkin		For Panama
7:45	[redacted]		RON

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13 Week Beginning January

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	MONDAY, JANUARY 13	TUESDAY, JANUARY 14	WEDNESDAY, JANUARY 15
7			
7:15			
7:30	CDSM WMSR	CDSM WMSR	LIC Seminar
7:45			Bcc Earl [illegible]
8			[illegible] amend
8:15			
8:30			
8:45	· Lyle (call)		
9	Jenn Cowley		
9:15	C2. & B. shop (Lyle)		
9:30	GEN Lewis Rm 3164		
9:45	[redacted] NEOB		
10		Walt Raymond Mtg	
10:15			
10:30			
10:45			
11	CCL [illegible]	Stearman - Psy Ops	
11:15			
11:30		[illegible]	1140 Elliott Abrams
11:45			
12			
12:15			
12:30	Lunch w/Ben Elliott		
12:45	WH Mess		
1			[illegible]
1:15			
1:30	CCPP		Stanley Sporkin
1:45			
2	CPPG WMSR		
2:15		[redacted]	
2:30			
2:45			
3	Clair George		
3:15	Stanley Sporkin		
3:30		TIWG - OSG Rm 370	
3:45		Oakley - Mueller mg	
4	[illegible] Lyle	Koch [redacted] Revell Allen	
4:15			
4:30		RIG Rm 6263	
4:45	Moshe Zur		
5			
5:15			
5:30	David Halevy	Low Intensity	
5:45		Conflict Seminar	
6		DOD - Noel Koch	
6:15	Rich Miller	see ltr	
6:30			
6:45			
7			
7:15	Spitz / Dan HAB		
7:30			
7:45			

2100 Ledeen

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20 Week Beginning January

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MARTIN LUTHER KING, JR.

MONDAY, JANUARY 20	TUESDAY, JANUARY 21	WEDNESDAY JANUARY 22
7	7	7
7:15	7:15	7:15
7:30	7:30 [illegible]	7:30
7:45	7:45	7:45
8	8	8
8:15	8:15	8:15 London
8:30	8:30	8:30
8:45	8:45	8:45
9	9	9
9:15	9:15	9:15
9:30	9:30 Mtg w/ Tom/Craig	9:30 GEN Lewis
9:45	9:45	9:45 [redacted] NEOB 3104
10	10 [illegible]	10
10:15	10:15	10:15
10:30	10:30 EIG Rm 4263	10:30 Nathan Adams
10:45	10:45 Karen [redacted]	10:45 [redacted] Abu Nidal
11	11 [illegible]	11
11:15	11:15	11:15
11:30	11:30 [illegible] Mtg USSR	11:30
11:45	11:45 [illegible] families	11:45
12	12	12
12:15	12:15	12:15
12:30	12:30 [redacted]	12:30
12:45	12:45 ~~[illegible]~~	12:45
1	1 [illegible]	1
1:15	1:15	1:15
1:30	1:30	1:30
1:45	1:45	1:45
2	2 [illegible]	2 P. Miller [illegible]
2:15	2:15 [illegible]	2:15 Frank Ge[illegible]
2:30	2:30 [illegible]	2:30 Craig Franklin
2:45	2:45 [illegible]	2:45 [illegible]
3	3 AFF - [illegible]	3
3:15	3:15 Elliott Abrams	3:15
3:30	3:30 [redacted]	3:30 [illegible]
3:45	3:45 [illegible] Force / B[illegible]	3:45 [illegible]
4	4 Ge[illegible]	4 [illegible]
4:15	4:15 [redacted]	4:15 [illegible]
4:30	4:30	4:30 Daniel [illegible]
4:45	4:45	4:45 [illegible] Christensen
5	5 ~~Depart for Dulles~~	5 Rm 370
5:15	5:15 PA 106 London	5:15
5:30	5:30	5:30
5:45	5:45	5:45
6	6	6 - 2020 [illegible] News Rec[illegible]
6:15	6:15	6:15 Hon Adams
6:30	6:30 140 Dr. Hans Georg Nieck	6:30 [redacted]
6:45	6:45 Rosenlehner [illegible]	6:45
7	7 [redacted]	7
7:15	7:15	7:15
7:30	7:30 Betsy	7:30
7:45	7:45	7:45

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27 Week Beginning January

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	MONDAY, JANUARY 27	TUESDAY, JANUARY 28	WEDNESDAY, JANUARY 29
7			
7:15			
7:30	[illegible]	[illegible]	
7:45			
8			
8:15			
8:30		Cal [illegible]	
8:45	[illegible] [redacted]	[illegible] O'Connor	
9			
9:15		[illegible]	
9:30	[illegible]	[redacted]	[illegible]
9:45	[illegible]		
10	[redacted]		
10:15			
10:30	[illegible]	[illegible]	
10:45	[illegible] [redacted] - [illegible]	[illegible]	
11	[illegible] Aid	Radio Marti [redacted]	[illegible]
11:15			[redacted] [illegible]
11:30		[illegible] Ernest	
11:45		[redacted]	
12	[illegible]		
12:15	[illegible]		
12:30	[illegible]		- [illegible]
12:45			[redacted]
1		[redacted]	
1:15			
1:30			
1:45	[illegible]		
2	[redacted]		[illegible]
2:15		[illegible]	
2:30		[illegible] w/ [illegible]	
2:45		[illegible]	
3	[illegible]		
3:15	[illegible]		
3:30			
3:45			
4	[illegible] Mtg	Roger Baue [redacted]	
4:15	[illegible]		
4:30	[illegible] [redacted] - [illegible]		
4:45	[illegible]		
5	[illegible]	David [illegible]	
5:15	[illegible]		
5:30	- [illegible]		
5:45			
6			
6:15			
6:30	[illegible] Apache	- 1930 CSIS Int'l Club	[illegible]
6:45	GEN [illegible] [redacted]	[illegible] Rm 1800 K St	[redacted]
7		Bill Spearman	Neil Livingstone
7:15			Jonas Sivimbi
7:30	[illegible]		Angola Resis + See State
7:45			wives

Jay + Rick Miller

[illegible] Maison Blanche - [illegible] Presidential Rm

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April						1986
S	M	T	W	T	F	S
		1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30			

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Week Ending
March 9

THURSDAY, MARCH 6 Fulic: 65	FRIDAY, MARCH 7 66	SATURDAY, MARCH 8 67
7 E. [illegible]	7	7
7:15 [illegible]	7:15	7:15
7:30 [illegible]	7:30	7:30
7:45 - VP	7:45	7:45
8 Cassey - Holloway	8	8
8:15	8:15	8:15
8:30 - 10:30 Search Grp	8:30	8:30
8:45 721 2nd St NE	8:45	8:45
9 Lesie Sm [redacted]	9	9
9:15 Clr to receive [illegible]	9:15	9:15
9:30	9:30 E. Elle. ch. Lessing	9:30
9:45	9:45	9:45
10 - Pres w/VP - Holloway	10	10
10:15 VP TF Public Report	10:15	10:15
10:30	10:30	10:30
10:45	10:45	10:45
11	11	11
11:15	11:15	11:15
11:30	11:30	11:30
11:45	11:45	11:45
12 U Mtg	12 U Mtg	12
12:15	12:15	12:15
12:30	12:30	12:30
12:45	12:45	12:45
1	1	1
1:15 [redacted]	1:15	1:15
1:30 George Cave	1:30	1:30
1:45	1:45	1:45
2	2	2
2:15	2:15	2:15
2:30 Dr. Miller	2:30	2:30
2:45	2:45	2:45
3 - [illegible] GEC3	3	3
3:15	3:15	3:15
3:30	3:30	3:30
3:45	3:45	3:45
4	4	4
4:15	4:15	4:15
4:30	4:30	4:30
4:45	4:45	4:45
5	5	SUNDAY, MARCH 9 68
5:15	5:15	
5:30	5:30	
5:45	5:45 5:55 TWA # 890	3338
6	6 Paris, France	
6:15	6:15	
6:30	6:30	
6:45	6:45	
7	7	
7:15	7:15	
7:30	7:30	
7:45	7:45	

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2000 T. Arnold [illegible]

Partially Declassified/Released on 10 Aug 87
[illegible]

24 Week Beginning March

UNCLASSIFIED

S	M	T	W	T	F	S
						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30	31					

MONDAY, MARCH 24 83		TUESDAY, MARCH 25 84		WEDNESDAY, MARCH 26 85	
7		7		7	
7:15		7:15		7:15	[illegible]
7:30	CDS[illegible] WHSR	7:30	CDS[illegible] WHSR	7:30	
7:45		7:45		7:45	
8		8	[illegible] Miller	8	
8:15		8:15		8:15	
8:30		8:30		8:30	
8:45		8:45		8:45	
9		9		9	
9:15		9:15		9:15	
9:30		9:30	Terrell Arnold	9:30	
9:45	- Pres w/Elliott Abram.	9:45	Neil Livingston	9:45	
10		10	Richard [illegible]	10	
10:15		10:15	[redacted]	10:15	
10:30	- [illegible]	10:30		10:30	
10:45		10:45		10:45	
11		11	[illegible]	11	
11:15		11:15	[illegible] [redacted]	11:15	
11:30		11:30		11:30	
11:45		11:45		11:45	
12	- [illegible]	12		12	
12:15		12:15		12:15	
12:30		12:30		12:30	
12:45		12:45		12:45	
1		1		1	
1:15	- [illegible]	1:15		1:15	
1:30	[illegible]	1:30		1:30	
1:45	[illegible]	1:45		1:45	
2		2	T[illegible]	2	
2:15		2:15	[illegible]	2:15	
2:30		2:30	- [illegible]	2:30	
2:45		2:45	[illegible] Abrams	2:45	
3	- CSG - TWG [illegible]	3		3	
3:15	[illegible] - Rock - Clarridge	3:15		3:15	
3:30	Allen - [illegible] - Revell	3:30		3:30	
3:45		3:45		3:45	
4		4		4	
4:15		4:15		4:15	
4:30	- Buchanan - [illegible]	4:30		4:30	
4:45	Mitch Daniels	4:45		4:45	
5	F[illegible] WHSR	5		5	NSC Staff Mtg.
5:15		5:15		5:15	
5:30		5:30		5:30	
5:45		5:45		5:45	
6	- Elliott Abrams	6		6	
6:15	[illegible] Reyer	6:15		6:15	
6:30		6:30		6:30	
6:45		6:45		6:45	
7		7		7	
7:15		7:15		7:15	
7:30		7:30	Forestville Methodist	7:30	- [illegible] - [illegible]
7:45		7:45	Church - Stuart Code of Honor	7:45	Forestville [illegible] [illegible]

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Oliver North's [illegible]

Monday, May 12

0730- ODSM WHSR

1045- [redacted]

1100- Amb Dick McCormack

1200- DRF Mtg on CentAm
WHSR

1600- Amb Reich Swearing-In
State (Ben Franklin Rm)

1700- RIG Rm 6263
Contadora & Azcona

1830- Rich Miller and
Earl Dudley [redacted]

Rob Owen: [redacted]

[redacted]

[illegible] North's Schedule

Tuesday, May 13

0730- ODSM WHSR

0900- OSG-TIWG WHSR

1100- Joel Lisker (terr)
RSOB Rm 198

1400- Nat'l War College
1530 COL Buse (terr)

Kao Core

1700- Nat'l Forum Founda-
1830 tion (Amb Kirkpatric
Capitol Hill EF100

Oliver North's Schedule

Friday, May 9

0730- ODSM WHSR

0905- JMP Remarks Rm 450
0915 Chiefs Am AF Conf

0915- North & Oakley
1015

1100- Clair George [redacted]
1200 [redacted] G. Cave

1215- Private Mtg w/DCI

1430- B.Day Party for HRT

1500- Rob Owen

1600- Ron Hinkley and
Bob Earl w/OLN

1630 [redacted] FBI

Oliver North' Schedule

Monday, May 12

0730- ODSM WHSR

1100- Amb Dick McCormack

1200- DRF Mtg in WHSR
re CentAm

1600- Amb Reich Swearing-I
State (Ben Frankli

1700- RIG Rm 6263
re Contadora-Azcon

1830- Rich Miller
Earl Dudley [redacted]

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Declassified/Released on [illegible]
under provisions of E.O. 12356
by [illegible] National Security Council

JULY						1986
S	M	T	W	T	F	S
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13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30	31		

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Week Ending June 8

THURSDAY, JUNE 5 156		FRIDAY, JUNE 6 157		SATURDAY, JUNE 7 158	
7		7		7	
7:15		7:15		7:15	
7:30		7:30		7:30	
7:45		7:45		7:45	
8		8	- AG request	8	
8:15	Harry Rooney	8:15	with [illegible]	8:15	
8:30	Dan Rooney	8:30	Pennsylvania Rm	8:30	
8:45		8:45		8:45	
9	- Tony Gillece &	9	- [illegible] Fisher Steel	9	[illegible]
9:15	Jack & Tillman	9:15	Pic - John [illegible]	9:15	[illegible]
9:30	re [redacted] Terr	9:30	(219) [redacted]	9:30	[illegible]
9:45		9:45	CLN [illegible] Panel	9:45	[illegible]
10		10	HBA - [illegible]	10	[illegible]
10:15		10:15	[illegible] French [illegible]	10:15	
10:30		10:30	[illegible]	10:30	
10:45		10:45	Pic - Paul [illegible]	10:45	
11		11	w/ Bill Casey	11	
11:15		11:15	Rm 1508 Father Dowling	11:15	JW Marriott
11:30		11:30		11:30	
11:45		11:45		11:45	
12		12	- Rm 202 Cluster Grp	12	
12:15		12:15	CPC lunch w/ Levine	12:15	
12:30		12:30		12:30	
12:45		12:45		12:45	
1	Mike Conley	1		1	
1:15	Mike Hin[illegible]ing	1:15		1:15	
1:30	Erich Miller]	1:30		1:30	
1:45		1:45		1:45	
2		2		2	
2:15		2:15		2:15	
2:30		2:30		2:30	
2:45		2:45	- Fred [illegible]	2:45	
3	CS[illegible] AG [illegible]	3		3	
3:15	Carley Armitage -	3:15		3:15	
3:30	Allen Claridge -	3:30		3:30	
3:45	Moellering - Floyd Clarke	3:45		3:45	
4		4		4	
4:15		4:15		4:15	
4:30	1800 Mass	4:30	Dowling -	4:30	
4:45		4:45	w/ JMP	4:45	
5		5			
5:15		5:15			
5:30		5:30			
5:45		5:45	10 Aug 87		
6		6			
6:15	3341	6:15			
6:30		6:30			
6:45		6:45			
7		7			
7:15		7:15			
7:30	Else Eriksen	7:30	[redacted]		
7:45	Anne Kjaedegaard Mette Krogh	7:45			

SUNDAY, JUNE 8 159

[illegible]
2:[illegible]

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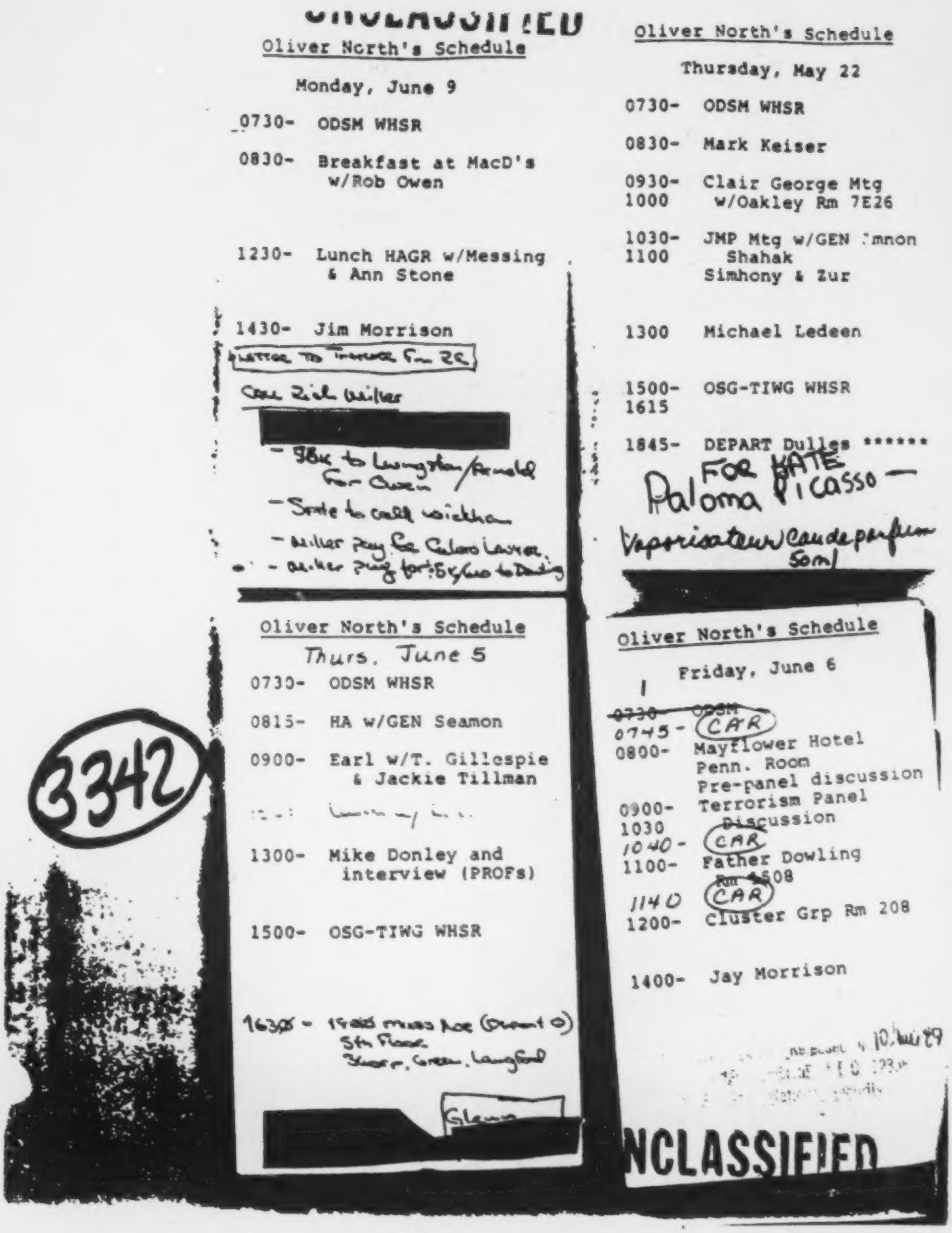

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Oliver North's Schedule

Monday, June 9

0730- ODSM WHSR

0830- Breakfast at MacD's w/Rob Owen

1230- Lunch HAGR w/Messing & Ann Stone

1430- Jim Morrison

LETTER TO [illegible] FOR ZC

Call Rich Miller

[redacted]

- $ [illegible] to Livingston/Arnold for Owen
- State to call [illegible]
- Miller pay for Calero lawyer
- Miller pay for [illegible] to [illegible]

Oliver North's Schedule

Thurs, June 5

0730- ODSM WHSR

0815- HA w/GEN Seamon

0900- Earl w/T. Gillespie & Jackie Tillman

[illegible]

1300- Mike Donley and interview (PROFs)

1500- OSG-TIWG WHSR

1630 - [illegible] (Grant [illegible])
5th Floor
[illegible], Green, Langford

Glenn

[redacted]

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Oliver North's Schedule

Thursday, May 22

0730- ODSM WHSR

0830- Mark Keiser

0930- 1000 Clair George Mtg w/Oakley Rm 7E26

1030- 1100 JMP Mtg w/GEN Amnon Shahak Simhony & Zur

1300 Michael Ledeen

1500- 1615 OSG-TIWG WHSR

1845- DEPART Dulles ******

FOR KATE
Paloma Picasso —
Vaporisateur Eau de parfum
50ml

[redacted]

Oliver North's Schedule

Friday, June 6

~~0730- ODSM~~

0745 - CAR

0800- Mayflower Hotel
Penn. Room
Pre-panel discussion

0900- 1030 Terrorism Panel Discussion

1040 - CAR

1100- Father Dowling ~~Rm~~ 4508

1140 CAR

1200- Cluster Grp Rm 208

1400- Jay Morrison

[illegible] 10 Jul 89

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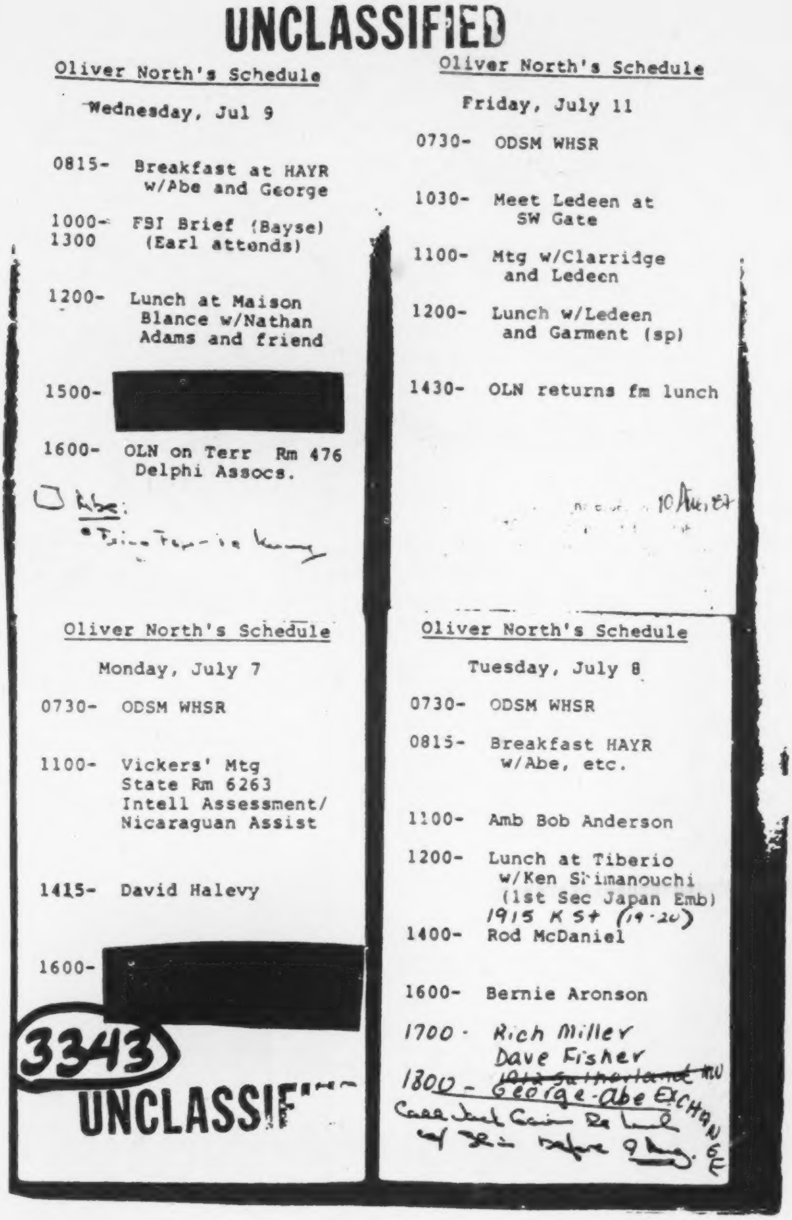

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Oliver North's Schedule

Wednesday, Jul 9

0815- Breakfast at HAYR w/Abe and George

1000- 1300 FBI Brief (Bayse) (Earl attends)

1200- Lunch at Maison Blance w/Nathan Adams and friend

1500- [redacted]

1600- OLN on Terr Rm 476 Delphi Assocs.

☐ Abe:
• [illegible]

Oliver North's Schedule

Monday, July 7

0730- ODSM WHSR

1100- Vickers' Mtg State Rm 6263 Intell Assessment/ Nicaraguan Assist

1415- David Halevy

1600- [redacted]

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Oliver North's Schedule

Friday, July 11

0730- ODSM WHSR

1030- Meet Ledeen at SW Gate

1100- Mtg w/Clarridge and Ledeen

1200- Lunch w/Ledeen and Garment (sp)

1430- OLN returns fm lunch

10 Aug 87

Oliver North's Schedule

Tuesday, July 8

0730- ODSM WHSR

0815- Breakfast HAYR w/Abe, etc.

1100- Amb Bob Anderson

1200- Lunch at Tiberio w/Ken Shimanouchi (1st Sec Japan Emb) 1915 K St (19-20)

1400- Rod McDaniel

1600- Bernie Aronson

1700- Rich Miller
Dave Fisher
~~[illegible] Sutherland~~ NW

1800 - George-Abe EXCHANGE

Call Jack Cain Re lunch w/ [illegible] before 9 Aug.

21 Week Beginning July

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S	M	T	W	T	F	S
		1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30	31		

	MONDAY, JULY 21 202	TUESDAY, JULY 22 203	WEDNESDAY, JULY 23 204
7			
7:15			
7:30			
7:45			
8			
8:15		- Breakfast at HAYR	
8:30		w/Spitz	
8:45			
9	- Eric Jacobsen		- [redacted]
9:15	7-3-56	- [redacted]	
9:30		Asst Agent in Charge	
9:45		[redacted]	
10			
10:15			
10:30			
10:45			
11		- [illegible]	
11:15	- [illegible] Art Winzor		
11:30			- CCPD
11:45			
12			
12:15			
12:30	[illegible] w/Gulian	Lunch w/ Rob McPrice	- Lunch Dave Gunica
12:45		HHSR [redacted]	1225 Eye Suite 700
1			
1:15			
1:30			
1:45			
2			
2:15			
2:30			
2:45			
3	3344		[illegible] SR
3:15			
3:30			
3:45			
4			
4:15			
4:30		- Congressional Mtg	- Andy Messing
4:45		East Rm	
5	- 1200 Rayburn Bldg		
5:15	Gold Rm		
5:30	Kuykendall-Lott-Abrams	- Dave Major	
5:45	Contra Aid Reception		
6			1930 Evn at Halls
6:15			Reception for Regan
6:30			Black-tie
6:45	[illegible] Rauber		
7		7 - Marnie Dawson	
7:15	[illegible]	Samir Habiby	
7:30		- Rick Miller	
7:45		Dave Fischer	

2000 Zcn Mike Award
[illegible]

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Oliver North's Schedule

Friday, August 29

0915- Steve Shock (WHMO) "personal" 5 mins.

0930- 1030 OLN on CA Rm 450 Coalition of Apostolics -- Board of Governors

1230- Lunch w/Noel Koch Jean Pierre

1830 K

1415- Father Tom Dowling

Happy B' Day [illegible]

LOCK-UP PHONE WORK

Oliver North's Schedule

Tuesday, Sept 2

0730- ODSM

1045- Carr

1200 ~~1030~~- Michael Ledeen
[redacted] (FBI)
+ one

1400- GEN John Singlaub
GEN Robert Schweitzer

1600- RIG Rm 6263 re Panama

1:00 Signing ceremony [illegible]
([illegible])
- [illegible] in Central Am.
- [illegible] conference
- [illegible]
- [illegible]
- [illegible]

Oliver North's Schedule

Wednesday, Aug 27

NO ODSM

0900- [redacted]

1000 - Geo. Van Eron

1100- Michael Ledeen

1230- Depart for Funeral

1300- Funeral - Ft. Myer Chapel, Arlington Cemetery for Don Fortier

1600- LTGEN Benard Trainor

1700- Rich Miller

Call [redacted]
Re Get together on [illegible]

[illegible]

Oliver North's Schedule

Thursday, August 28

0730- Breakfast (PNT 4E808)
Armitage-[redacted]-Michel-Moellering-Sanchez

1000- Walt Raymond Mtg

1100- [redacted]

1300- George Van Eron

1500- OSG-TIWG Rm 302

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Oliver North's Schedule

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Frida

0730- ODSM WHSR

0915- [redacted]
0945-
1000-

1000- Hail and Farewell
1100 Indian Treaty Rm

1100- RIG Mtg Rm 6263

OLN leaves for the day
from RIG Mtg

T.G. - 301 [redacted]

Oliver North's Schedule

Monday, October 20

0730- ODSM WHSR
0800 - GEN Simhoni
0900- Don Agger

1400 - Keel - HRT - Cockell - RMD
KFIRs for Honduras
1500- COL John Ellerson
New MilGrp El Sal

New Lawyer — to represent
CASL.
- NHCA refuses visa [illegible]
[illegible]

- Land [illegible]
- [illegible] Contract for
- [illegible] / [illegible]

El Salv Cong.

Oliver North's Schedule

Wednesday, Oct 15

1015- ICAF Ft. McNair
1145 Dr. Edwin Timbers
OLN on CentAm

1130- NSDD Review Mtg

1230- [redacted]

1400- Amb Ted Briggs

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Oliver North's Schedule

Thursday, Oct 16

0730- ODSM WHSR

0830- Bill Comee

1000- Walt Raymond Mtg WHSR
Castine-Kagan chair

1100- Norm Bailey
Bill Perry (here)

1320- VP w/Pandraud (WWing)

1300- OSG-TIWG Rm 302
Bremer-Adams-Kelly-
Allen-Revell

1615- Bill Rosenblatt

2000- Dinner (Stag) IHO
Pandraud
2221 Kalarama NW

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17 Week Beginning November

UNCLASSIFIED

	MONDAY, NOVEMBER 17 — 321		TUESDAY, NOVEMBER 18 — 322		WEDNESDAY, NOVEMBER 19 — 323
7		7		7	
7:15		7:15		7:15	
7:30		7:30		7:30	
7:45		7:45		7:45	
8		8		8	
8:15		8:15		8:15	– HAYR breakfast
8:30		8:30		8:30	w/Spitz + [illegible]
8:45		8:45		8:45	
9		9		9	
9:15		9:15		9:15	
9:30		9:30		9:30	
9:45		9:45		9:45	
10	[illegible], Dowling	10	– CCHP	10	
10:15	w/[illegible], Mallick	10:15		10:15	
10:30		10:30		10:30	
10:45	[illegible]	10:45		10:45	
11		11		11	
11:15		11:15		11:15	
11:30		11:30		11:30	
11:45		11:45		11:45	
12	– [illegible] Press [illegible]	12		12	– [illegible]
12:15	[illegible]	12:15		12:15	
12:30	[illegible] Baird, SNA	12:30		12:30	
12:45		12:45		12:45	– Calero
1	[illegible]	1		1	
1:15		1:15		1:15	
1:30		1:30	CIA Employee	1:30	
1:45		1:45		1:45	[illegible]
2		2	– [redacted]	2	[illegible]
2:15		2:15	[illegible]	2:15	– [illegible] Cave
2:30		2:30		2:30	
2:45		2:45		2:45	
3		3		3	
3:15		3:15		3:15	
3:30		3:30		3:30	[illegible]
3:45		3:45		3:45	[illegible]
4		4		4	w/ [illegible]
4:15		4:15		4:15	[illegible]
4:30		4:30	– Edward [illegible]	4:30	DJ [illegible]
4:45		4:45	Spitz Channell	4:45	
5		5		5	
5:15		5:15		5:15	
5:30		5:30		5:30	
5:45		5:45		5:45	
6		6		6	
6:15		6:15		6:15	
6:30		6:30		6:30	
6:45		6:45		6:45	
7		7	– [illegible] + [illegible]	7	
7:15		7:15	Pres Dinner Hilton	7:15	
7:30		7:30	Spitz + Dan	7:30	
		7:45		7:45	

2000 – Press Conference

[illegible] Released on 8 Aug 87

under provisions of E.O. 12356

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December 1986

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21	22	23	24	25	26	27
28	29	30	31			

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Week Ending November 23

THURSDAY, NOVEMBER 20 324	FRIDAY, NOVEMBER 21 325	SATURDAY, NOVEMBER 22 326
7	7	7
7:15	7:15	7:15
7:30 - WHSR CDSM	7:30 W.C CDSM	7:30
7:45	7:45 JMP WHSR - PSC.	7:45
8	8	8
8:15	8:15	8:15
8:30	8:30	8:30
8:45	8:45	8:45
9	9 - JMP WHSR SSCI	9
9:15	9:15 DCI Hearing	9:15
9:30	9:30	9:30
9:45	9:45	9:45
10 - [illegible]	10	10
10:15 WHSR	10:15	10:15
10:30	10:30	10:30
10:45	10:45	10:45
11	11 - [illegible] Hearing	11
11:15	11:15	11:15
11:30	11:30 RCM - Ledeen - GLN	11:30
11:45	11:45	11:45
12	12	12
12:15	12:15	12:15
12:30	12:30	12:30
12:45	12:45	12:45
1	1	1
1:15	1:15	1:15
1:30 - JMP - DCI - Cave	1:30 - JMP	1:30
1:45	1:45	1:45
2	2	2
2:15	2:15	2:15
2:30	2:30	2:30
2:45	2:45	2:45
3 - [illegible]	3 - [illegible] 3 [illegible] - Stark	3
3:15 Briefing - [illegible]	3:15	3:15
3:30 Intelligence - [illegible]	3:30 - Michael Ledeen	3:30
3:45	3:45	3:45
4 - RIG Rm 6409	4 - Steve [illegible]	4
4:15	4:15 NEOB Suite 2020/10	4:15
4:30	4:30 Farewell Party	4:30
4:45	4:45 Rich Miller	4:45
5	5	SUNDAY, NOVEMBER 23 327
5:15	5:15	
5:30 - Rich Miller	5:30 - Tom Greene	
5:45	5:45	
6 - Buchanan	6	
6:15	6:15	[illegible] 10 Aug 84
6:30	6:30	
6:45	6:45	
7	7	
7:15	7:15	
7:30	7:30	
7:45	7:45	

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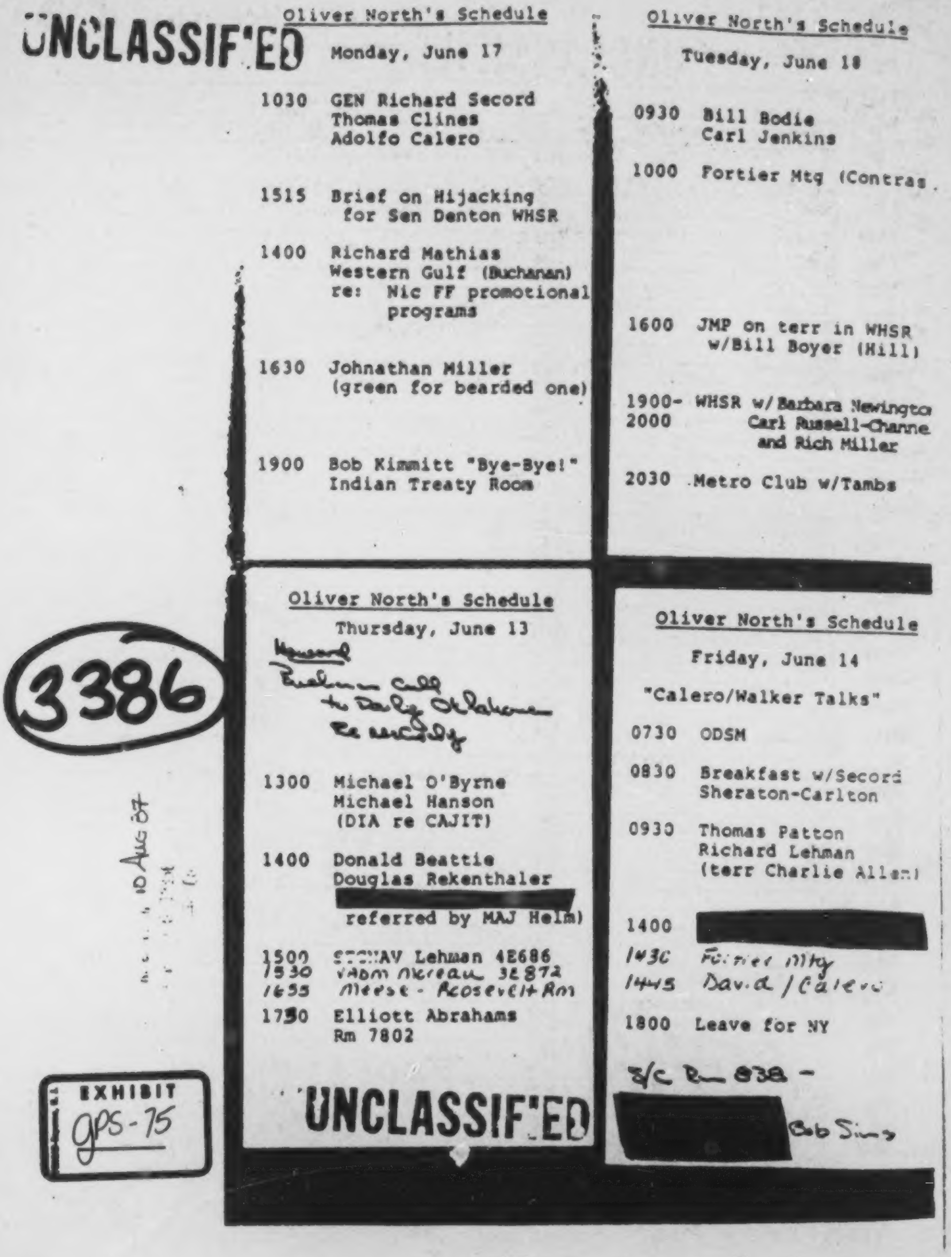
EXHIBIT GPS-75



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Oliver North's Schedule

Monday, June 17

1030 GEN Richard Secord
Thomas Clines
Adolfo Calero

1515 Brief on Hijacking
for Sen Denton WHSR

1400 Richard Mathias
Western Gulf (Buchanan)
re: Nic FF promotional
programs

1630 Johnathan Miller
(green for bearded one)

1900 Bob Kimmitt "Bye-Bye!"
Indian Treaty Room

Oliver North's Schedule

Tuesday, June 18

0930 Bill Bodie
Carl Jenkins

1000 Fortier Mtg (Contras

1600 JMP on terr in WHSR
w/Bill Boyer (Hill)

1900-2000 WHSR w/Barbara Newingto
Carl Russell-Channe
and Rich Miller

2030 Metro Club w/Tambs

Oliver North's Schedule

Thursday, June 13

Howard
Buchanan call
to Daily Oklahoman
Re security

1300 Michael O'Byrne
Michael Hanson
(DIA re CAJIT)

1400 Donald Beattie
Douglas Rekenthaler
[redacted]
referred by MAJ Helm)

1500 SECNAV Lehman 4E686
1530 VADM Moreau 3E872
1655 Meese - Roosevelt Rm
1730 Elliott Abrahams
Rm 7802

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10 Aug 87

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GPS-75

Oliver North's Schedule

Friday, June 14

"Calero/Walker Talks"

0730 ODSM

0830 Breakfast w/Secord
Sheraton-Carlton

0930 Thomas Patton
Richard Lehman
(terr Charlie Allen)

1400 [redacted]
1430 Fortier Mtg
1445 David / Calero

1800 Leave for NY

S/C Rm 838 -
[redacted] Bob Sims

August						1985
S	M	T	W	T	F	S
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	31

UNCLASSIFIED Week Ending July **21**

Time	THURSDAY, JULY 18 199	FRIDAY, JULY 19 200	SATURDAY, JULY 20 201
7			
7 15			
7 30			
7 45			
8			
8 15			
8 30			
8 45			
9			
9 15		Swearing-In	
9 30		Henry Clay Rm 8th	
9 45		Amb. Alexander	
10	[redacted] FBI	Puzzo [redacted]	
10 15			
10 30			
10 45			
11	Ma[illegible] Calero	John C. Camp P.C.	
11 15		Dennis McClaskey	
11 30	[illegible] Rm	[redacted]	
11 45	[illegible] Sr [redacted]	Walter Gomez [illegible] Leonard	
12	Lunch w/GEN Rice	Carl Russell-Channell	
12 15	& BEN Steiner 2nd		
12 30	Chairmans Dining	Brief. Meeting	
12 45	Rm OFFice X8140	Lewis Tambs	
1	Col Graham [redacted]	[illegible] Adams	
1 15			
1 30	Raymond [redacted]		
1 45			
2		Keis[illegible] B-D	
2 15		JIM?/ Holloway	
2 30			
2 45			
3	Adelle Calero		
3 15			
3 30		Rm 1231 - State	
3 45		[illegible]	
4		Swearing-in for	
4 15		Lew Tambs	
4 30			
4 45			
5		Bob McBrien	SUNDAY, JULY 21 202
5 15		[redacted]	
5 30			
5 45			
6			
6 15			
6 30			
6 45			
7			
7 15			
7 30			
7 45			

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16 Week Beginning September

MONDAY, SEPTEMBER 16 259	TUESDAY, SEPTEMBER 17 260	WEDNESDAY, SEPTEMBER 18 261
7	7	7
7:15	7:15	7:15
7:30	7:30	7:30
7:45	7:45	7:45
8	8	8
8:15	8:15	8:15
8:30	8:30	8:30
8:45	8:45	8:45
9 Warren [redacted] North	9	9 [illegible]
9:15	9:15	9:15
9:30	9:30 GEN Richard Secord	9:30
9:45	9:45 Mike Ledeen	9:45
10	10	10
10:15	10:15	10:15
10:30	10:30	10:30 VP TF on C-T
10:45	10:45	10:45 Roos Rm w/ [illegible]
11	11 [illegible] Felix Gomez	11
11:15	11:15 Spitz - Fred Sacher	11:15 [illegible]
11:30	11:30 Jan Conrad Rm 371	11:30
11:45	11:45	11:45 [illegible]
12	12	12 Lunch w/[illegible]
12:15	12:15	12:15 Duane
12:30	12:30 Lunch w/	12:30 [redacted]
12:45	12:45 MacDonalds	12:45
1	1	1 ~~1200-1400 [illegible]~~
1:15	1:15	1:15 ~~[illegible] of [illegible]~~
1:30	1:30	1:30 ~~[illegible]~~
1:45	1:45	1:45 [redacted]
2	2	2
2:15	2:15 GEN Gorman	2:15
2:30 [illegible]	2:30	2:30
2:45 [illegible] Rm 2006	2:45	2:45
3 [illegible] [redacted]	3	3
3:15	3:15	3:15
3:30	3:30	3:30
3:45	3:45	3:45
4 VP TF in Roos Rm	4	4
4:15	4:15	4:15
4:30	4:30	4:30
4:45	4:45	4:45
5	5	5
5:15	5:15	5:15
5:30	5:30	5:30
5:45	5:45	5:45
6	6	6 Bruce [illegible]
6:15	6:15	6:15
6:30	6:30	6:30
6:45	6:45	6:45
7	7	7 Rick Miller
7:15	7:15	7:15
7:30	7:30	7:30
7:45	7:45	7:45

2145 Andrews AFB

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30 Week Beginning September

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	MONDAY, SEPTEMBER 30 273	TUESDAY, OCTOBER 1 274	WEDNESDAY, OCTOBER 2 275
7			
7:15			
7:30	[illegible]	[illegible]	
7:45			
8			
8:15	Breakfast w/C Lehman		
8:30	HAGR	Breakfast at HAGR	
8:45		w/Ken Bleakley	
9		Helen [redacted]	
9:15			
9:30		Pub Dip Mtg	
9:45			
10		Terry Hincld	[redacted]
10:15	[illegible] Service Cmte	[redacted]	
10:30	Jim Merlock [redacted]		
10:45	"red names" Rm 371		
11			
11:15			
11:30			
11:45			
12			
12:15			
12:30			
12:45			
1			
1:15			
1:30			
1:45	Lyle Cox	[illegible]	
2	Mike Udeen	[illegible]	[illegible]
2:15		[redacted] [illegible]	[illegible]
2:30		[illegible]	36–, [redacted]
2:45		Lenore Haber	
3			
3:15			
3:30			
3:45			
4	Farewell G. I Rye	[illegible]	
4:15	Rm 474		
4:30			
4:45			
5			
5:15			
5:30	Gomez / R. Miller	Michael Walker	
5:45	Conrad / Seitz	Dunmeling [redacted]	
6		Rm 4263	
6:15			
6:30			
6:45			
7		Marriott 14th & Penn	Vince Cannistraro
7:15		Chris Lehman	Charlie Place's
7:30	GEN Secord	[redacted]	
7:45	HAGR		

Rep [illegible] Dinner
Sen Graham Ballrm Table 7

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November						1985
S	M	T	W	T	F	S
					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30

UNCLASSIFIED Week Ending October 13

	THURSDAY, OCTOBER 10 283		FRIDAY, OCTOBER 11 284		SATURDAY, OCTOBER 12 285
7		7		7	
7:15		7:15		7:15	
7:30	C2SM	7:30	C2SM	7:30	
7:45		7:45		7:45	
8		8		8	
8:15		8:15		8:15	
8:30		8:30		8:30	
8:45		8:45		8:45	
9		9		9	
9:15		9:15		9:15	
9:30		9:30		9:30	
9:45		9:45		9:45	
10		10		10	
10:15		10:15		10:15	
10:30		10:30		10:30	
10:45		10:45		10:45	
11		11		11	
11:15	[illegible]	11:15		11:15	
11:30	- [illegible]	11:30		11:30	
11:45	Hearing	11:45	Mtg w/Pres	11:45	
12	[illegible]	12	Cabi Office	12	
12:15	[illegible]	12:15		12:15	
12:30	[illegible] Wash	12:30	1225 Pres Statement	12:30	
12:45	[illegible] Com	12:45		12:45	
1	[illegible] [redacted]	1	[illegible]	1	
1:15		1:15	[illegible]	1:15	
1:30		1:30		1:30	
1:45		1:45		1:45	
2		2		2	
2:15		2:15		2:15	
2:30		2:30		2:30	
2:45		2:45		2:45	
3		3		3	
3:15	3406	3:15		3:15	
3:30		3:30		3:30	
3:45		3:45	Abrams [redacted]	3:45	
4		4	Rm [illegible] [redacted]	4	E Ex Air
4:15		4:15	Kuen	4:15	Boopin
4:30		4:30		4:30	
4:45		4:45		4:45	
5		5			SUNDAY, OCTOBER 13 286
5:15		5:15	WHSR JNIP Cobb		
5:30		5:30	Covey - HT - JRS		
5:45		5:45	Amb		Judy =
6	Shuttle to NY	6			
6:15	w/Spitz	6:15	LORETTA		E. D
6:30		6:30			
6:45		6:45	TOUR		
7		7			
7:15		7:15			
7:30		7:30	Rob Owen Bachelor Party		
7:45	Dinner w/Newington	7:45	Pieces Club		

St. [illegible] Hotel 2030 Dinner

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14 Week Beginning October

COLUMBUS DAY

MONDAY, OCTOBER 14 287	TUESDAY, OCTOBER 15 288	WEDNESDAY, OCTOBER 16 289
7	7	7
7:15	7:15	7:15
7:30	7:30 CDSNL	7:30
7:45	7:45	7:45
8	8	8
8:15	8:15	8:15
8:30	8:30	8:30
8:45	8:45	8:45
9	9	9
9:15	9:15	9:15
9:30	9:30 Mike [illegible]	9:30 Allan Ciocso - [illegible]
9:45	9:45 Jodie [redacted]	9:45 [redacted]
10	10 Pub Dp Mtg	10
10:15	10:15	10:15
10:30	10:30	10:30
10:45	10:45	10:45
11	11	11
11:15	11:15 GEN Dick Secord	11:15 [illegible]
11:30	11:30	11:30 -1200 Rm 6208
11:45	11:45	11:45 Appropriations [illegible]
12	12 Ter. [illegible]	12 [illegible] U.S. Services
12:15	12:15 Lunch out	12:15 or [illegible]
12:30	12:30	12:30
12:45	12:45	12:45
1	1	1 car
1:15	1:15	1:15
1:30	1:30	1:30 Cresencio Arcos
1:45	1:45 Rich Miller	1:45 Rob Owen
2	2	2
2:15	2:15	2:15
2:30	2:30 ~~[illegible] Fred~~	2:30
2:45	2:45 [illegible] Putney	2:45 Spitz - Don [illegible]
3	3 [redacted] Peggy	3 Fred Sacher
3:15	3:15 Michael Ledeen	3:15 Rich Miller
3:30	3:30	3:30 car
3:45	3:45	3:45
4	4	4 - [redacted]
4:15	4:15	4:15 [illegible] [redacted]
4:30	4:30	4:30 Central
4:45	4:45	4:45
5	5	5
5:15	5:15	5:15
5:30	5:30	5:30 car
5:45	5:45	5:45
6	6	6 - 2000 Dole - Baker - [illegible]
6:15	6:15	6:15 & Publisher Bill [illegible]
6:30	6:30	6:30 The Nat'l Press Club
6:45	6:45	6:45 Ballroom 13th Flr
7 Dinner w/ John	7	7 [redacted]
7:15 Lenczowski	7:15 Jonnathan	7:15 Cocktails - for [illegible]
7:30 Bob Reilly	7:30 Daniel Shriver	7:30 & Betsy
7:45 [redacted]	7:45 [redacted]	7:45

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14 Week Beginning October

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October

S	M	T	W	T	F	S
		1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	
27	28	29	30	31		

COLUMBUS DAY

	MONDAY, OCTOBER 14 287	TUESDAY, OCTOBER 15 288	WEDNESDAY, OCTOBER 16 289
7			
7:15			
7:30		CDSMV	
7:45			
8			
8:15			
8:30			
8:45			
9			
9:15			
9:30		Mike [illegible]	Alan Ajacso-
9:45		Jadie [redacted]	[redacted]
10		Pub Dg Mtg	
10:15			
10:30			
10:45			
11			
11:15		GEN Dick Secord	car
11:30			-1200 Rm 6203
11:45			Abrams's [illegible]
12		Ten. [illegible]	[illegible] U.S. Services
12:15		Lunch cut	or Central Am
12:30			
12:45			
1			car
1:15			
1:30			Cresencio Arcos
1:45		Rich Miller	Rec [illegible]
2			
2:15			
2:30		~~[illegible] Fred~~	
2:45		[illegible]	Spitz - Don [illegible]
3		[redacted] Peggy	Fred Sacher
3:15		Michael Ledeen	Rich Miller
3:30			car
3:45			
4			- [redacted]
4:15			[illegible]
4:30			[illegible]
4:45			
5			
5:15			
5:30			car
5:45			
6			-2000 Dole - Baker -
6:15			+ Publisher Bill Kel
6:30			The Nat'l Press Club
6:45			Ballroom 13th Fl
7	Dinner w/Jenn		[redacted]
7:15	Lenczowski	Jonnathan	Cocktails - bar d
7:30	Bob Reilly	Daniel Striver	+ Betsy
7:45	[redacted]	[redacted]	

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1st AUG 87

[illegible] - day [illegible]

November 1985

S	M	T	W	T	F	S
					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30

Moreau +
Ted Hill

Week Ending October 20

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THURSDAY, OCTOBER 17 290	FRIDAY, OCTOBER 18 291	SATURDAY, OCTOBER 19 292
7	7	7
7:15 [illegible]	7:15	7:15
7:30 [illegible]	7:30 Cas[illegible]	7:30
7:45	7:45	7:45
8	8 Ellen Garwood	8
8:15 Rick Bielli:	8:15 Hay Adams (Rm)	8:15
8:30 Ramsey -(-4)	8:30 David - Paula Haim	8:30
8:45	8:45 Spitz	8:45
9	9	9
9:15	9:15	9:15
9:30 Humanities Rm 6263	9:30 Patricia D. Beck	9:30
9:45 NHAO [illegible]	9:45 Clifton Smith	9:45
10 HRCS - [illegible] - T. Hall	10 Spitz	10
10:15	10:15	10:15
10:30	10:30	10:30
10:45	10:45	10:45
11	11 David [illegible]	11
11:15	11:15 [redacted]	11:15
11:30 11:20 Pe[illegible] [redacted]	11:30	11:30
11:45	11:45	11:45
12 - [illegible] C	12	12
12:15 [illegible]	12:15	12:15
12:30	12:30	12:30
12:45	12:45	12:45
1	1	1
1:15 [illegible]	1:15 COL Hector Rosales	1:15 3408
1:30 Henry [illegible] E22	1:30 [redacted]	1:30
1:45 Carlisle PH	1:45	1:45
2 LTCOL Larry [illegible]	2 RIG Rm 6263	2
2:15 [redacted]	2:15	2:15
2:30 C T S[illegible]	2:30 Clifton Smith - [illegible]	2:30
2:45 [redacted]	2:45 Spitz	2:45
3 MGEN Rice - C. Allen	3	3 [illegible]
3:15 [illegible] shwig	3:15 Robert [illegible]. Ferguson	3:15 [illegible]
3:30 45 mins c College	3:30 Barbara Christian	3:30 [illegible]
3:45	3:45 Mary Mankiewicz	3:45 [illegible]
4 Dr Titus - Fo[illegible]	4 Nolan - Mary Jo Pearcey	4
4:15	4:15 Evelyn McKinley	4:15 [redacted]
4:30	4:30 Tamara Brandon	4:30 [illegible]
4:45	4:45 Ruth Brandon	4:45
5 [illegible]	5	SUNDAY, OCTOBER 20 293
5:15	5:15	
5:30	5:30 Sayre - Poindexter	
5:45	5:45	
6	6	
6:15 - CN CA Brief Rm 4[illegible]	6:15	
6:30 Nat'l Endowment for	6:30	
6:45 Preservation of	6:45	
7 Liberty	7	
7:15 John [illegible] [redacted]	7:15	
7:30	7:30	
7:45	7:45	

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by [illegible] Reger, National S[illegible]

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28 Week Beginning October

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	MONDAY, OCTOBER 28 301	TUESDAY, OCTOBER 29 302	WEDNESDAY, OCTOBER 30 303
7			
7:15			
7:30	CDSM	CDSM WHSR	
7:45			
8			
8:15			
8:30		Bob Owen	
8:45		Chris Arcos	
9			
9:15			
9:30		Fortier - [redacted] Michael	
9:45		Sanio - Sec of Nic Leg	
10	Walt Raymond Mtg		ON Brief on CA - New
10:15			Nat'l Ldrshp Am Legion
10:30			Rm 176 L. Gnel [redacted]
10:45			
11		John Douglass [redacted]	IG/T \ Rm 2236
11:15			B. 3[illegible]
11:30		"Russ" Bob Earl	[redacted]
11:45			
12			
12:15			
12:30	Betsy • [illegible]		Moreau - Clarridge
12:45			McKey HHSR
1			
1:15		Frederica Messing	
1:30			
1:45			
2	CAWG (IG/T) Rm 2236		
2:15	Ant. - Terr Asst Program		
2:30	IC Conf Rm	Rick Miller - Spitz	
2:45	Frank Fallgham [redacted]		
3		[redacted]	
3:15	[illegible] Gene Douglas		
3:30			Walt Raymond Mtg
3:45			
4		Happy B.D. John Grimes	Mike Ledeen
4:15			
4:30			
4:45	- Pres ~~w/Hostage~~		
5	Families Roos Rm	Mtg w/Copp + Elmstead	NSC Staff
5:15	RCM - Oakley - [illegible]		
5:30	until 6:00 pm		
5:45			
6		3409	REM - Ledeen - ON
6:15			
6:30			
6:45			
7	Partially Declassified/Released on 10 AUG 87	Nat'l Air + Space Museum	REM Secord
7:15	under provisions of E.O. [illegible]	Independence + 6 SW	
7:30	[illegible] Reger, [illegible]	EASCON 85	
7:45		"The Dream is alive"	

2000 Kennedy Ctr
"The Lady remembers"

Betsy 437

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December						1985
S	M	T	W	T	F	S
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30	31				

Week Ending November 24

THURSDAY, NOVEMBER 21 325	FRIDAY, NOVEMBER 22 326	SATURDAY, NOVEMBER 23 327
7	7	7
7:15	7:15	7:15
7:30	7:30	7:30
7:45	7:45	7:45
8 CDSM WHSR	8 CDSM WHSR	8
8:15	8:15	8:15
8:30	8:30 Walker - Hicos	8:30
8:45	8:45 Breakfast McDonalds	8:45
9	9	9
9:15	9:15	9:15
9:30 Ruven Kakovacez	9:30	9:30
9:45 Israeli	9:45	9:45
10	10 Tom Claggett	10
10:15	10:15 Spitz - Rich Miller	10:15
10:30	10:30	10:30
10:45	10:45	10:45
11	11 Jane Parker	11
11:15	11:15	11:15
11:30	11:30 Max Nygaard	11:30
11:45	11:45	11:45
12	12	12
12:15	12:15	12:15
12:30 ~~Lunc. [illegible] hill Club~~	12:30	12:30
12:45 ~~[illegible] II - Blakemore~~	12:45	12:45
1 ~~Larry [illegible]~~	1	1
1:15	1:15	1:15
1:30	1:30	1:30
1:45	1:45	1:45
2	2	2
2:15	2:15	2:15
2:30	2:30	2:30
2:45	2:45	2:45
3 [redacted] [illegible] Rm 176	3	3
3:15 - Allen - Oakley	3:15	3:15
3:30 Rice - ~~[illegible]~~ - [illegible]	3:30	3:30
3:45	3:45	3:45
4	4	4
4:15	4:15	4:15
4:30 Martha D. Lynch	4:30	4:30
4:45 Spitz - Rick Miller	4:45	4:45
5 William J. O'Neil	5	SUNDAY, NOVEMBER 24 328
5:15	5:15	
5:30	5:30	
5:45	5:45	
6 Rm 176 "Spitz Group"	6	
6:15 [redacted] Lines	6:15	
6:30	6:30	
6:45	6:45	
7	7	
7:15	7:15	
7:30	7:30	
7:45	7:45	

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[illegible]

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9 Week Beginning December

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1149

	MONDAY, DECEMBER 9 343	TUESDAY, DECEMBER 10 344	WEDNESDAY, DECEMBER 11 345
7			
7:15			
7:30	CDSAI w/NSR	CDSAI w/NSR	
7:45			
8			
8:15			
8:30			
8:45			
9		Ben E. [illegible]	[redacted]
9:15			
9:30			Tilman w/NSR
9:45			SRG VP TF on CT
10	Anne Greene SIC	Walt Raymond Mtg	Rm 208
10:15	[redacted]		
10:30		RIG Rm 6263	
10:45			
11			
11:15			
11:30			Johnathan Miller
11:45			
12	Eastern Shuttle		
12:15	to NY		
12:30	Tom Reed Trial		
12:45			
1			
1:15			
1:30			
1:45			
2		CAPT Thomas Daly	
2:15		LCDR Christopher MacMurray	
2:30	[illegible]	[redacted] Ext 370	
2:45			
3			
3:15			
3:30			
3:45		Amb John Ferch	
4		[redacted]	Nelson Bunker Hunt
4:15			[redacted] [illegible]
4:30		Amb Harry Bergold	
4:45		w/JMP [redacted]	
5			NSC Staff Mtg
5:15			[redacted]
5:30			
5:45			
6		Vince Cannistraro	
6:15		Spitz - Rich - Dave	Depart Andrews
6:30			Poindexter
6:45			Abrams - Walker
7			[redacted] - D. Thompson
7:15			O. North
7:30	Stanley Sporkin		for Panama
7:45	[redacted]		RON

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6 Week Beginning January

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	MONDAY, JANUARY 6	TUESDAY, JANUARY 7	WEDNESDAY, JANUARY 8
7			
7:15			
7:30	CDSM WHSR	CDSM WHSR	
7:45			
8			
8:15			
8:30	breakfast Jay Adams	Arturo Cruz Jr	
8:45	w/Chr Stith		
9		Ken [redacted] [illegible]	
9:15		Sch. Earl - Craig Coy	
9:30			
9:45			
10		Walt Raymond Mtg	
10:15			
10:30			
10:45			
11	[illegible]	NSPG WHSR	
11:15		VP TF on CT Report	Neel Koch
11:30		+ NSDD	Update [illegible]
11:45			[illegible]
12			[illegible] [redacted]
12:15			SC [illegible]
12:30		Marcos Bianche	[illegible] witnessing
12:45		[illegible]	Schweitzer
1		[redacted]	Capitol Hill Club
1:15			
1:30	CPPG - WHSR		
1:45	[illegible] Point		
2		CPPG	MIKE LEDEEN
2:15			
2:30	Am. - Spectator Nat'l		
2:45			
3		[illegible]	[illegible]
3:15		[redacted]	[redacted]
3:30			
3:45	Moose / Jensen		
4		Spring?	Schwan-
4:15			
4:30	RIG Rm 6263		
4:45			
5			SSC RE:AB Party
5:15			Kn. [illegible] [redacted]
5:30		TIWG - OSG	
5:45			Shuttle to NY
6			
6:15			
6:30			
6:45			
7	[illegible]	Good [illegible] Robert	
7:15		Adam	
7:30		Ronald Winer	
7:45			

2030 CPPG

2000 Dan [illegible]
53-2

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February 1986

S	M	T	W	T	F	S
						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	

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Week Ending January 12

	THURSDAY, JANUARY 9 9	FRIDAY, JANUARY 10 10	SATURDAY, JANUARY 11 11
7			
7:15			
7:30			
7:45			
8			
8:15	State • DOD - [illegible]		
8:30			
8:45			
9		- [redacted]	
9:15	Adolfo Calero		
9:30			
9:45			
10	Rob Owen	- 1000 CMC Command	
10:15		& Staff College	
10:30		Lew Lorenz - [illegible]	~~10:45~~ Bob Earl • Re: OLN
10:45		[illegible]	
11	GEN [illegible]	NSC Mtg	
11:15	[illegible] [redacted]		
11:30			
11:45			
12	[illegible] w/ Fortier [illegible]		
12:15	HMGR		
12:30			
12:45			
1	- 1300 CCG [illegible] GOB		
1:15	Rm. 262 (3 [illegible])		
1:30		- CLN at Quantico	
1:45		[illegible]	
2	Samuel [illegible]	[illegible]	
2:15	[redacted]		
2:30	IG/T Mtg Rm [illegible]		
2:45	[redacted]		
3		Dan [illegible]	
3:15		[redacted]	
3:30			
3:45			
4			
4:15			
4:30	Richard Shultz		
4:45	[redacted]		
5	Gail Dady		SUNDAY, JANUARY 12 12
5:15			
5:30		Craig Coy/Bob Earl	
5:45		Rob [redacted]	
6			
6:15			
6:30			
6:45			
7			
7:15			
7:30	Black-tie Dinner		
7:45	PX Kelley's house		

Inc McFarlane's

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13 Week Beginning January

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	MONDAY, JANUARY 13	TUESDAY, JANUARY 14	WEDNESDAY, JANUARY 15
7			
7:15			
7:30	CDSG WHSR	CDSG WHSR	CCL Seminar
7:45			Ben Earl
8			Craig Coy / agenda
8:15			
8:30			
8:45	· Lyle (call)		
9	Jerry Cowley		
9:15	C2.E B. shop (Lyle)		
9:30	GEN Lewis Rm 3164		
9:45	[redacted] NECB		
10		Walt Raymond Mtg	
10:15			
10:30			
10:45			
11	CCL [illegible]	Steadman · Psy. Ops	
11:15			
11:30		[illegible]	1140 Elliott Abrams
11:45			
12			
12:15			
12:30	Lunch w/Ben Elliott		
12:45	WH Mess		
1			[illegible]
1:15			
1:30	CCPP		Stanley Sporkin
1:45			
2	CPPG WHSR		
2:15		[redacted]	
2:30			
2:45			
3	Clair George		
3:15	Stanley Sporkin		
3:30		TIWG - OSG Rm 370	
3:45		Oakley - Moeller ag	
4	[illegible]	Koch [redacted] Revell · Allen	
4:15			
4:30		RIG Rm 6263	
4:45	Moshe Zur		
5			
5:15			
5:30	David Halevy	Low Intensity	
5:45		Conflict Seminar	
6		DOD · Noel Koch	
6:15	Rich Miller	see ltr	
6:30			
6:45			
7			
7:15	Spitz / Dan HAG		
7:30			
7:45			

2100 Ledeen

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Week Ending
February 2

	THURSDAY, JANUARY 30 — 30	FRIDAY, JANUARY 31 — 31	SATURDAY, FEBRUARY 1 — 32
7			
7:15			
7:30	[illegible]	[illegible]	
7:45			
8			
8:15			
8:30			
8:45			
9			
9:15			
9:30		[illegible]	
9:45		[redacted]	
10			
10:15			
10:30		- Ellen Carucca	
10:45	[illegible]	[illegible]	
11		[illegible]	
11:15			
11:30	[illegible]		
11:45	[illegible]		
12	[illegible]	[illegible]	
12:15		[illegible]	
12:30		[illegible] ST	
12:45			
1	[illegible]	[illegible]	
1:15	[illegible]	[illegible] [redacted]	
1:30		[illegible]	
1:45		[illegible]	
2		[illegible]	[illegible]
2:15	FCT [illegible]		
2:30	- 520 [illegible]		
2:45	[illegible] C.N [illegible]		
3	[illegible]		[illegible]
3:15			
3:30		CL - James Steele	
3:45		[illegible]	
4		[redacted] [illegible]	
4:15		[illegible]	3415
4:30	- 1715 [illegible]		
4:45	CN[illegible] - Jim [illegible]		
5	[illegible]	CSG - [illegible] 270	SUNDAY, FEBRUARY 2 — 33
5:15		[illegible] - [illegible] meeting	
5:30		C. Allen - Revel - [redacted]	
5:45			
6			
6:15			
6:30	Dan Conrad [illegible]		
6:45	FCT Tranquial		
7	Dinner		
7:15			
7:30			
7:45			

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March						1986
S	M	T	W	T	F	S
						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30	31					

Week Ending February 9

THURSDAY, FEBRUARY 6 37	FRIDAY, FEBRUARY 7 38	SATURDAY, FEBRUARY 8 39
7	7	7
7:15	7:15	7:15
7:30	7:30	7:30
7:45	7:45	7:45
8	8	8
8:15	8:15	8:15
8:30	8:30	8:30
8:45	8:45	8:45
9	9	9
9:15	9:15	9:15
9:30	9:30	9:30 [illegible]
9:45	9:45	9:45
10	10	10
10:15	10:15	10:15
10:30	10:30	10:30
10:45	10:45	10:45 [illegible]
11	11	11
11:15	11:15	11:15
11:30 [illegible]	11:30	11:30
11:45	11:45	11:45
12	12	12
12:15	12:15	12:15
12:30	12:30	12:30
12:45	12:45	12:45
1	1	1
1:15	1:15	1:15 [illegible]
1:30	1:30	1:30
1:45	1:45 [illegible]	1:45
2	2 [illegible]	2
2:15	2:15 [illegible] DE	2:15
2:30	2:30	2:30
2:45	2:45	2:45
3	3	3
3:15	3:15	3:15
3:30	3:30	3:30
3:45	3:45	3:45
4	4	4
4:15	4:15	4:15
4:30	4:30	4:30
4:45	4:45	4:45
5	5	
5:15	5:15 5:16 Arrive Dulles	
5:30	5:30	
5:45	5:45	
6	6	
6:15	6:15	
6:30	6:30 Call	
6:45	6:45 [illegible] - Dv [illegible]	
7	7	
7:15	7:15	
7:30	7:30	

SUNDAY, FEBRUARY 9 40

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10 Week Beginning February

February						1986
S	M	T	W	T	F	S
						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	

MONDAY, FEBRUARY 10	41
7	
7:15	
7:30	CDS[illegible] [illegible]
7:45	
8	
8:15	
8:30	
8:45	
9	
9:15	
9:30	ON Bd of Ch CA [illegible]
9:45	6-10 Ex Directors of
10	United Methodist Church
10:15	Ms. Emmanuel [redacted]
10:30	Gen Board of Global Ministries
10:45	
11	[illegible]
11:15	[illegible]
11:30	[redacted]
11:45	
12	
12:15	
12:30	
12:45	
1	
1:15	
1:30	
1:45	
2	T[illegible] Pulling
2:15	[illegible]
2:30	[redacted]
2:45	
3	
3:15	
3:30	
3:45	
4	
4:15	
4:30	
4:45	
5	
5:15	
5:30	
5:45	
6	
6:15	
6:30	
6:45	
7	
7:15	
7:30	
7:45	

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TUESDAY, FEBRUARY 11	42
7	
7:15	
7:30	CDS[illegible] SR
7:45	
8	
8:15	
8:30	Ecb Cu[illegible]
8:45	
9	
9:15	
9:30	
9:45	
10	[illegible]
10:15	
10:30	
10:45	
11	
11:15	
11:30	
11:45	
12	
12:15	
12:30	
12:45	
1	She[illegible] [illegible]
1:15	[illegible]
1:30	
1:45	
2	
2:15	
2:30	
2:45	
3	Richard Secord
3:15	
3:30	
3:45	
4	Terry Arnold
4:15	
4:30	
4:45	
5	
5:15	
5:30	
5:45	
6	c Aud Ex
6:15	
6:30	
6:45	
7	
7:15	Sofa
7:30	
7:45	

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WEDNESDAY, FEBRUARY 12	43
7	
7:15	
7:30	
7:45	
8	
8:15	
8:30	
8:45	
9	Amb Dick McCormack
9:15	
9:30	
9:45	
10	Terr Mtg w/VP
10:15	uW
10:30	Special [illegible]
10:45	
11	[illegible] L.RF
11:15	
11:30	Amb Gene Douglas
11:45	
12	
12:15	
12:30	
12:45	
1	
1:15	
1:30	
1:45	
2	
2:15	
2:30	
2:45	
3	- TMF - DRF - RB - CLN
3:15	Abrahms - [redacted]
3:30	
3:45	
4	Pub Dip Mtg Rees Rm
4:15	Pat Buchanan
4:30	
4:45	
5	
5:15	
5:30	
5:45	
6	David Halevy
6:15	
6:30	
6:45	
7	Jockey Club
7:15	Neal Koch
7:30	[illegible] for [illegible]
7:45	[redacted]

Tuesday UNCLASSIFIED

0730-	ODSM WHSR
0900-	Arturo Cruz Sr.
1000-	[redacted]
1130-	Samir Habiby Marnie Dawson
1200-	WHSR Cluster Mtg
1330-	Lunch at HAGR David Halevy
1630-	3:3 [illegible] CB
483-	[illegible] Habiby
1800	Defense Strategy Forum
	[redacted]

Oliver North's Schedule

Monday, March 24

0730	ODSM WHSR
0800	Ben Elliott
0945- 1000	Pres Mtg w/Abrams Oval Office
1030	Allen-Zur-Simhoni
1200- 1300	WHSR Cluster Mtg

Before mtg:
- [illegible]
- Photos
- Jim [illegible]

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Oliver North's Schedule

Friday, March 14

0730	ODSM WHSR
0830	Spitz/Dan & the Warms HayAdams - Yellow Rm
☐	Weaver House Photos Re [illegible]
1400	Dr. Walsh & JMP
1530-	Rm 450 OLN on CA House Staffers
1930	Walsh-Regan Dinner Solgrave Club w/Betsy

Oliver North's Schedule

Monday, March 17

0730	ODSM WHSR
1000	Mtg w/hostage families Rm 2236
[redacted]	
1500	Ray B
1530	R U
1630	Cruz

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Oliver North's Schedule

Friday, March 28

0830 ODSM WHSR
0900 Breakfast HA YR
0930- 1015 Jack LeCuyer (Don Mahley's)
1030- 1045 Nick Klissas re Honduras
1400 Amb Gene Douglas

Oliver North's Schedule

Monday, March 31

0830 ODSM WHSR
1200 WHSR Cluster Mtg
1500- Rm 4E830 Ikle-Abrams-[redacted]Sanche
[illegible]- Mtg w/ [illegible]

Oliver North's Schedule

Tuesday, March 25

0730 ODSM WHSR
0930 Terry Arnold
Neil Livingston
1000 Richard Ferris
1100 Ron Hinckley/B. Earl
1200 WHSR Cluster Mtg
1400 Johnathan Miller
Mitch Daniels/Hinkel
Penn Kempbell
1900- Cheney, Gingrich mtg w/ Dennis Thomas.
1930 Stuart CODE OF HONOR
Forrestville
Methodist Church

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Oliver North's Schedule

Thursday, March 27

0730 ODSM WHSR
0830 Breakfast HA - YR
w/Spitz & Dan
"Leatherneck Ball in NY"
1000 Walt Raymond Mtg
1100 Chris Arcos
Jerry Clark
Bill Walker
Call [illegible]
Re [illegible] [illegible] - [illegible] for [illegible]
[illegible] Re work w/ [illegible] on [illegible]
1830- 2000 Rm 476 OLN on CA
w/Robelo 20 people
(Dan & Spitz Grp)
Dan & Ste [redacted]

14 Week Beginning April

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	MONDAY, APRIL 14 (104)	TUESDAY, APRIL 15 (105)	WEDNESDAY, APRIL 16 (106)
7			
7:15		LIBYA	
7:30	[illegible]		
7:45			
8		STRIKE	
8:15			
8:30			
8:45			
9			
9:15			
9:30			- C-65 Rm 117
9:45			Hunter-[illegible]
10	Special Mtg -		Barton/Jim Frei[illegible]
10:15			[redacted] re Terr
10:30			
10:45			
11		- [illegible]	
11:15		[illegible]	
11:30			- [illegible]
11:45			
12	Gary Be[illegible]	- WHSR Cluster Mtg	- [illegible]
12:15	seeing ? at 1130		
12:30	[illegible]		
12:45			
1			
1:15			
1:30			Gen. [illegible]
1:45			
2			
2:15			
2:30			
2:45			
3			
3:15			
3:30		[redacted]	
3:45			
4	- Congressional		
4:15	Leadership Mtg		
4:30	re Libya -		
4:45			
5			
5:15			
5:30		Am w/ Michael Sotirhos	
5:45			
6	- Public Affairs Mtg		
6:15	for Agencies		
6:30			- Rm 476 [illegible]
6:45			OLN on CH
7	- U.S. Strike on Libya		
7:15			[illegible]
7:30			
7:45			

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21 Week Beginning April

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	MONDAY, APRIL 21 — 111	TUESDAY, APRIL 22 — 112	WEDNESDAY, APRIL 23 — 113
7			
7:15			
7:30	[illegible]	[illegible]	[illegible]
7:45			
8			
8:15			
8:30			
8:45			
9			
9:15			Dan (Dpr.. Env.)
9:30		- MAYR Breakfast	
9:45		Bunker Hunt	
10			
10:15			
10:30		[illegible] Cab or CA	
10:45		Nat · Assoc Evangelicals [illegible]	
11	- [illegible] 450	[illegible] 450	· [illegible] WHSR
11:15	Nat'l Assoc of [illegible]		
11:30	[illegible]		
11:45			
12			
12:15			
12:30	[illegible]		
12:45	- NSC [redacted]		
1			
1:15			
1:30			
1:45			
2			[illegible]
2:15	[illegible] · Air		[redacted]
2:30	[illegible]	- WHSR [illegible] CA Mtg	
2:45	[illegible]	[illegible] [redacted]	
3	[illegible]	[illegible]	
3:15			
3:30	Fed Cuen		
3:45			
4		- [illegible] / Dan	- [illegible] (Cl...
4:15			Ec.)
4:30		[illegible] O'Neil	
4:45		Krishna Littledale	- [illegible]
5			NSC Staff Mtg
5:15			
5:30			
5:45			
6			
6:15		Heritage Foundation	
6:30		- Reception	
6:45		Shoreham Hotel	
7		[illegible] Guest RR	
7:15			
7:30		· Black tie Dinner	
7:45			

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Oliver North's Schedule

Monday, Apr 28

-- NO ODSM

0830- 1230 [redacted] War Game

1500- OSG-TIWG Rm 340
Oakley-Koch-Moellering
[redacted] Gilber-Allen(?)

Oliver North's Schedule

Tuesday, Apr 29

0830- ODSM WHSR

1000- 1100 [redacted] Abrams Mtg
Rm 6263

1100 (KILBUR: Funeral in SF)

1130- Lunch w/Cave &
[redacted] Rm [redacted]
(use 123 entrance)

Glenn Robinette Global Security

1600- Dan/Spitz and
Bill O'Boyle

1800- 2000 Amb Nobuo Matsunaga
B. Day of Japanese
Emperor

3422

Oliver North's Schedule

Thursday, April 24

0730- ODSM WHSR

1000- Walt Raymond Mtg

1030 - [illegible] Mtg.

1300 - Mtg w/ [illegible]

1400- Chris Christensen

1530- G. Cave [redacted]

1700- [redacted]
re terr & Summit

1830- 2030 Tribute to Am Heros
Capital Hill Club
Governors Rm

Oliver North's Schedule

Friday, April 25

1000- John Hocker

1100- Allan Ryskind
w/HUMAN EVENTS
re Contras
(Ben Elliott sugg.)

1200 - Doc Turner

1400- IG Rm 6263
re: [redacted]

- Jesus Garcia Dan [illegible]
[illegible]
Hull
Robert [illegible]
[illegible]

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[illegible] released on 16 Aug 87 under provisions of E.O. 12356 by [illegible] National Security Council

Oliver North's Schedule

Monday, May 5

0830- ODSM WHSR

1100- GEN Bain McClintock

1200- Lunch w/Ledeen (FAWN & WILMA)

[illegible] - [illegible].

1530- OLN on CA Rm 476 Baptist Editors

1700- IG Mtg (Abrams) re: Contadora

[illegible] [illegible] Stanford.

Oliver North's Schedule

Thursday, May 8

0830- ODSM WHSR

0900- John Hocker
Charles Cavanhaugh
Craig Coy

1200- Fawn lunch w/Ledee
1200 - OLN lunch w/[illegible]

~~1400- Joel Lisker~~
~~1500- RHOB Rm 198~~

1400- OSG-TIWG

1600- David Haleyv
2000 [illegible]

[illegible]

Waldorf - [redacted]

Oliver North's Schedule

Wednesday, Apr 30

0830- ODSM WHSR

0930- Dan and Spitz AND
Bruce Hooper
Jane
[illegible]

1100- Terrell Arnold

1230- Michael Ledeen (sandwich in office)

1430- Dave Fischer Mtg w/Mr. Marriott

1500- [redacted] w/Fawn

1700- NSC Staff Mtg

1900- Jean Hicke and Dr. WH TOUR

Oliver North's Schedule

Thursday, May 1

0830- ODSM WHSR

0930- Rev Wachstetter

1100- Amb Edwin Corr

1230- Lunch w/Barnaby at HAGR

[illegible]

1450 -
1500- William Comee

1715- FAWN LEAVES

1845- WH Tour Jean H.

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Week Ending September **7**

THURSDAY, SEPTEMBER 4 247

7
7:15
7:30
7:45
8 - CDSM
8:15
8:30 - Dinaisch [illegible]
8:45 [redacted]
9
9:15 [illegible] Hieda [illegible]
9:30 - Melvin Salwesser
9:45 SD-FZ $116K - Mil
10 - [illegible] Raimond [illegible]
10:15 [illegible] #76 -
10:30
10:45
11 [illegible] To [illegible]
11:15 7-7-27
11:30 -cue [redacted]
11:45
12
12:15
12:30 [illegible]
12:45 [illegible]
1 [redacted]
1:15 [illegible]
1:30
1:45
2
2:15
2:30
2:45
3 - [illegible]
3:15 [illegible] [redacted]
3:30 [illegible]
3:45 [illegible]
4
4:15
4:30
4:45
5
5:15
5:30 - JIMP
5:45
6 - [illegible] Dick McCormack
6:15
6:30
6:45
7
7:15
7:30
7:45

FRIDAY, SEPTEMBER 5 248

7
7:15 Pan Am #73
7:30 Hijacked
7:45
8 · CDSM:
8:15
8:30
8:45
9
9:15
9:30
9:45
10
10:15
10:30
10:45
11
11:15
11:30
11:45
12
12:15
12:30
12:45
1
1:15
1:30 · [illegible]
1:45
2
2:15
2:30
2:45
3
3:15
3:30
3:45
4 - LTCOL John [illegible]
4:15 AWC [redacted]
4:30
4:45
5
5:15
5:30
5:45
6
6:15
6:30
6:45
7
7:15
7:30
7:45

SATURDAY, SEPTEMBER 6 249

7
7:15
7:30
7:45
8 [illegible]
8:15 [illegible]
8:30
8:45 [illegible]
9
9:15 [illegible]
9:30 [illegible]
9:45
10
10:15
10:30
10:45
11
11:15
11:30
11:45
12
12:15
12:30
12:45
1
1:15
1:30
1:45
2
2:15 3424
2:30
2:45
3
3:15
3:30
3:45
4
4:15
4:30
4:45

SUNDAY, SEPTEMBER 7 250

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15 Week Beginning September

September						1986
S	M	T	W	T	F	S
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30				

c/Nic [illegible]

6545 - Andrews AFB [illegible]

MONDAY, SEPTEMBER 15 258	TUESDAY, SEPTEMBER 16 259	WEDNESDAY, SEPTEMBER 17 260
7	7	7
7:15	7:15	7:15
7:30	7:30	7:30
7:45	7:45 Pr[illegible]	7:45
8	8 - [illegible]	8
8:15	8:15	8:15
8:30	8:30	8:30
8:45	8:45	8:45
9 [illegible] 3DE	9	9
9:15 [redacted]	9:15	9:15
9:30	9:30	9:30
9:45	9:45	9:45
10	10	10
10:15	10:15	10:15
10:30	10:30	10:30
10:45	10:45	10:45
11	11	11
11:15	11:15	11:15
11:30	11:30	11:30
11:45	11:45	11:45
12	12	12
12:15	12:15	12:15
12:30	12:30	12:30
12:45	12:45	12:45
1	1	1 - LTCOL [illegible] Gaines
1:15 A[illegible]	1:15	1:15 [redacted]
1:30	1:30	1:30
1:45	1:45	1:45
2	2	2
2:15	2:15	2:15
2:30	2:30	2:30
2:45	2:45	2:45
3 - 1760 [illegible] College	3	3
3:15 Ala on Tour [redacted]	3:15	3:15 [redacted]
3:30 Bolling AFB Rm F3-237	3:30	3:30
3:45 James Stinson [redacted]	3:45	3:45
4	4	4
4:15	4:15	4:15
4:30	4:30	4:30
4:45	4:45	4:45
5	5	5
5:15	5:15	5:15
5:30	5:30	5:30
5:45	5:45	5:45
6 - Rob Owen	6 - [illegible] Homestead	6
6:15	6:15	6:15
6:30	6:30	6:30
6:45	6:45	6:45
7	7	7
7:15	7:15	7:15
7:30 - Spitz and Cliff	7:30	7:30
7:45 Mrs Mary D. King	7:45	7:45

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29 Week Beginning September

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[illegible]

	MONDAY, SEPTEMBER 29 272		TUESDAY, SEPTEMBER 30 273		WEDNESDAY, OCTOBER 1 274
7		7		7	
7:15		7:15		7:15	
7:30		7:30	- [illegible]	7:30	
7:45		7:45		7:45	
8		8		8	
8:15		8:15		8:15	
8:30		8:30	- Rod McDaniel	8:30	
8:45		8:45		8:45	
9	- Gen Gordon Sumner	9		9	- [illegible]
9:15	[redacted] DCI Apt	9:15		9:15	[illegible] Journalists
9:30		9:30		9:30	
9:45		9:45		9:45	
10		10		10	
10:15		10:15		10:15	
10:30		10:30		10:30	
10:45	- [redacted]	10:45	- [illegible]	10:45	
11	re [illegible]	11	[illegible]	11	
11:15		11:15		11:15	
11:30		11:30		11:30	
11:45		11:45		11:45	
12		12	- Michael [illegible]	12	
12:15		12:15		12:15	
12:30		12:30		12:30	
12:45		12:45		12:45	
1		1		1	- [illegible] -76
1:15		1:15		1:15	[illegible]
1:30		1:30		1:30	[illegible] data [illegible]
1:45		1:45		1:45	4c 50
2	- Col. [illegible] -50	2		2	([illegible] Hill [illegible]
2:15	[illegible]	2:15		2:15	[illegible] Ad)
2:30	[illegible]	2:30	- [illegible]	2:30	
2:45		2:45	[illegible]	2:45	
3		3	[illegible]	3	[illegible]
3:15		3:15		3:15	
3:30	- [illegible] w/Gen Galvin	3:30		3:30	
3:45		3:45	- [illegible] ([illegible])	3:45	
4		4		4	
4:15	3426	4:15		4:15	
4:30		4:30		4:30	
4:45		4:45		4:45	
5		5		5	- [illegible]
5:15		5:15		5:15	
5:30	Declassified/Released on 10 Aug 87	5:30		5:30	
5:45	under provisions of E.O. 12356	5:45		5:45	
6		6		6	
6:15	by [illegible], National Security Council	6:15		6:15	
6:30		6:30	- Evangelicals - Messing	6:30	
6:45		6:45	Fundraiser / NDCF	6:45	
7	- Conservative Victory	7	Col T.J. Gregory	7	[illegible] Dinner
7:15	Dinner - JW Marriott	7:15	[illegible]	7:15	
7:30	Andy Messing	7:30	[illegible] Barracks Norfolk	7:30	
7:45	w/Betsy.	7:45		7:45	

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Week Ending
October 5

THURSDAY, OCTOBER 2 275

7:30 - CD [illegible]
8 - CGCG RIG Rm 6263
10:30 - [illegible]
1 - B. Belten [illegible] CPC
2 - [illegible] 2[illegible]
4 - Humberto Quinones
[redacted]

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FRIDAY, OCTOBER 3 276

7:30 - CDSM
(Dominic)
8:15 Donald [illegible] 10-23-47
8:30 - Flavian [illegible] (El Sal)
8:45 [redacted] w/[illegible]
9:30 - [illegible]
10 - [illegible]
10:15 Rm 23
11:15 Wayne [illegible] Rm 2-8
11:30 [illegible]
12 - [illegible]
12:15 [illegible]
1 - CSG [illegible] Rm 362
1:30 - [illegible]
1:45 [illegible]
3 - [illegible] w/[illegible]
3:15 + Ambassador
3:30 [illegible]
4 [illegible]
4:15 [illegible]

SATURDAY, OCTOBER 4 277

[illegible]
1 - [illegible]

SUNDAY, OCTOBER 5 278

Pan Am #00
2000 - Depart Dulles
For Frankfurt

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Oliver North's Schedule

Thursday, Oct 23

0730- ODSM WHSR

1000- Walt Raymond Mtg in Roos Rm

1130- Jackie Tillman and friend Nat ______

1330 - Walt Raymond Mtg

1430 - Amb Bremer

1500- OSG-TIWG Rm 302

1630- Dr. Herbert Schandler NDU

~~Thursday, Oct 23~~ Friday, Oct 24

0730- ODSM

0830-1230 Nicaragua War Game? Rm 208

1230- WHSR IG/N (Abrams-Michel-Walker-Kagan-McManaway-[redacted] [redacted] Vickers-Hoellering-Croker-RFB-VC

[illegible]

1400- Dowling-[redacted] Wash Hotel Rm 1035

1445- GOOD-BYE RADZIMSKI

1500- Dr. Louis Schwartz Dir Dep Sec Service

1615- CAPT Mike Decker USMC

[redacted]

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Oliver North's Schedule

Tuesday, Oct 21

0730- ODSM WHSR

0800- Breakfast HAYR Terry Arnold-Owen Spitz-Dan-Livingston

1045- FAWN arrives fm DR.s

1100- Amb Gary Matthews (Malta)

1400- OLN on CentAm Roos Rm Financial Contributors (Castine-Kagan)

1645- Leave Office

1750- Depart Dulles TWA #890

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Travel to Geneva, Switzerland

10/21	Leave	5:50 p.m.	Dulles	TWA #890
10/22	Arrive	8:40 a.m.	Geneva	
10/22	Leave	2:50 p.m.	Geneva	Swiss Air #110
	Arrive	6:10 p.m.	JFK NY	

TAXI to LaGuardia Airport NY

Eastern Shuttle every hour on the hour
Pan Am Shuttle every hour on the half hour
Booked for Pan Am Shuttle at 7:30 p.m.
(but you can take anything you want
ticket is wort dollar value)

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3 Week Beginning November

Time	MONDAY, NOVEMBER 3 307	TUESDAY, NOVEMBER 4 308	WEDNESDAY, NOVEMBER 5 309
7			
7:15			
7:30			
7:45			
8			8 - GLN w/JMP
8:15			
8:30	8:30 - ODSM	8:30 - CDSM	
8:45			
9			
9:15		9:15 - [illegible]	
9:30			
9:45	[illegible]		
10		10 - CPPG re Syria	
10:15		& HSE	
10:30			
10:45			
11			
11:15			
11:30			11:30 - Panarama
11:45			$96 - 35
12		12 - [illegible] re [illegible]	
12:15			
12:30			
12:45			
1	1 - HSE 16/N		
1:15	[illegible]		
1:30	[illegible] Gruner		
1:45	[illegible]		
2	[illegible]		
2:15			
2:30			2:30 - [redacted]
2:45			
3			
3:15			
3:30			
3:45			
4	4 R.G/N		
4:15			
4:30			
4:45			
5			
5:15			
5:30			
5:45			5:45 - Depart Dulles - Geneva
6			TWA #890
6:15			
6:30			
6:45			
7		7 - Willard Inter Hotel	
7:15		Spitz 1/0	
7:30		Farewell of Reagan	
7:45		Revolution	

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930 - [illegible]

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Oliver North's Schedule

Friday, Nov 14

0730- ODSM

1330- IDA Working Group
1530 Panel (w/Gorman)

1500- RIG/N (Abrams)

1630- Father Dowling

Oliver North's Schedule

Monday, Nov 17

0730- ODSM WHSR

1200- WH Mess Lunch
McDaniel-Sommer
Mayor Barcelona

1300- IG/N

Oliver North's Schedule

Monday, October 27

0730- ODSM WHSR

1100- [redacted] (deGraff)

1600- RIG Rm 6263

[illegible]. [redacted]

8130- UNTCC
Ft G16

3430

Oliver North's Schedule

Wednesday, Nov 12

0815- Breakfast HAYR
Arnold-Livingston-
Owen-Spitz-Dan

1000- GEN Gorman
1100- [illegible].
1200- Mr. Quinones

1400- Sen Perm SubCmte
on Investigations
Mary Vinson
Howard Shapiro
Dan Rinzel
w/RLE & Bill Perry

1530- Bill Cockell

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17 Week Beginning November

S	M	T	W	T	F	S
						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30						

MONDAY, NOVEMBER 17 321	TUESDAY, NOVEMBER 18 322	WEDNESDAY, NOVEMBER 19 323
7	7	7
7:15	7:15	7:15
7:30	7:30	7:30
7:45	7:45	7:45
8	8	8
8:15	8:15	8:15 - HAYR [illegible]
8:30	8:30	8:30 w/Seitz & Galvin
8:45	8:45	8:45
9	9	9
9:15	9:15	9:15
9:30	9:30	9:30
9:45	9:45	9:45
10 Sec. Weinberger	10 - LSPG	10
10:15 w/ Mr. [illegible]	10:15	10:15
10:30	10:30	10:30
10:45 [illegible] 3E912 - [illegible]	10:45	10:45
11	11	11
11:15	11:15	11:15
11:30	11:30	11:30
11:45	11:45	11:45
12 - [illegible] ASD [illegible]	12	12 - [illegible]
12:15 Dinner - [illegible]	12:15	12:15
12:30 [illegible] Baird, [illegible]	12:30	12:30
12:45	12:45	12:45 - Calero
1 [illegible]	1	1
1:15	1:15	1:15
1:30	1:30 CIA Employee	1:30
1:45	1:45	1:45 - [illegible]
2	2 - [redacted]	2 - [illegible]
2:15	2:15 [illegible]	2:15 - [illegible] Casey
2:30	2:30	2:30
2:45	2:45	2:45
3	3	3
3:15	3:15	3:15
3:30	3:30	3:30 [illegible]
3:45	3:45	3:45 [illegible]
4	4	4 w/ [illegible]
4:15	4:15	4:15 [illegible]
4:30	4:30 - [illegible]	4:30 [illegible]
4:45	4:45 [illegible]	4:45
5	5	5
5:15	5:15	5:15
5:30	5:30	5:30
5:45	5:45	5:45
6	6	6
6:15	6:15	6:15
6:30	6:30	6:30
6:45	6:45	6:45
7	7 - Faure + Macklin	7
7:15	7:15 [illegible] Dinner Hilton	7:15
7:30	7:30 Seitz + Day	7:30
7:45	7:45	7:45

8:00 Press Conference

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Oliver North's Schedule

Tuesday, Nov 19

0730 ODSM WHSR
0815 Mike Shaw (Tom Reed)
0900 Amarim Nir
0900 VP
0945 Kevin Latham
1000 Walt Raymond Mtg
1130 Run w/BOB EARL

[redacted]

2/21

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Oliver North's Schedule

Thursday, Nov 21

0800 ODSM WHSR
1100 Arturo Cruz, Jr.
1215 (car)
1230 Lunch Capitol Hill Club (300 1st St SE) w/Kuykendall, Blakemore & Hunt
1400 (car)
1500-1600 [redacted] Mtg Room (?) Oakley-Koch-Rice-[redacted]-Allen
1630 Martha W. Lynch Spitz-Rich Miller
1700 William J. O'Neil
1810-1855 Rm 474 ON on CentAm "Spitz' Group"

Phone Numbers: Weekend 11/16-17 [redacted]

Amarim Nir Sheraton-Wash [redacted]

Alternate: [redacted]

10 Aug 87

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Oliver North's Schedule

Monday, Nov 18

0730 ODSM WHSR
0900 Kevin Latham
1200 Mike Shaw (Tom Reed)
1315 Lunch at Bottomline w/Dave Quinlan
1500 Amiram Nir
1830 Dinner w/Koch-Oakley GEN Ulrich Wegener CDR Fed Border Police Wesr - FRG

EXHIBIT GPS-76

Room, w UNCLASSIFIED

Oliver North's Schedule

Monday, May 21

1030 - Mike [illegible]

[illegible] Inn
804 - 229 - 1000

0900 Walter Gold Room 208
View Tape

1000 Larry Sternfield

1130 Baker/Meese/RCM/Shultz
Casey/Darman/Oglesby
re: Conf. Nic Program

1300 Casey's Mtg re above

1400 Jonathan Miller
John Blacken
re: Nic paper/photos

1600 Richard JMP

1700 Hickey Mtg

1800 John Lehman Party
for Bill Stearman

Oliver North's Schedule

Thursday, Apr 26

0900 Bill Bode
[redacted]
re: his trip to CA

~~1030 Schneider testimony~~
1045 Rm 2118 Rayburn Bldg

1500 David Chew and
Christopher Hicks
New Position:
Comptroller of
Currency (Treasury)

1600 Rep. McEwen
diplomatic
protection

1700 - Rm 316 - [illegible]

Friday 20 Apr

0730 - [illegible]

0800 - [illegible]

1400 - [illegible]

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Bob - Sigholtz
- Manager of Armory
- Knows Walter Gold.

EXHIBIT
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Oliver North's Schedule

Tuesday, June 19

0900 ~~Room~~ 248, OEOB
Nicaraguan Supplement
(Jonathan Miller)

1500 [illegible]

[redacted]

1430 Senator Evans
818 Hart Office Bldg
Dick [illegible]

1700- Nat'l Strategy Info
1900 1730 Rhode Island
Suite 601
Cocktails/Photos

Oliver North's Schedule

Wednesday, June 20

1015 - mtg w/ [illegible]

1215 Menges/Ikle
Metropolitan Club

1330 CentAm OutReach Mtg
Room 450

1930 Hickey Reception
University Club
1135 16th St NW

Oliver North's Schedule

Monday, June 18

1100 Dr. William Walsh

1300 Shlaudeman/Motley
w/JMP in WHSR

1530 Walt Raymond
CA Strategy Group Mtg

1645 Hart Senate Off Bldg
Senators Evans
Gorton
brief on arms interdiction

1930 Doug Olin
Charles Flickner

Saturday, June 16			
Depart National	NY Air #4	7:30 am	$34
Arrive LaGuardia		8:30 am	
Leave LaGuardia	Command #73	9:40 am	$79
Arrive Albany		10:54 am	$113
Sunday, June 17			
Depart Albany	Command #78	6:45 pm	$79
Arrive LaGuardia		7:30 pm	
Depart LaGuardia	NY Air #35	8:30 pm	$65
Arrive National		9:30 pm	$144
		TOTAL	$257

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Oliver North's Schedule

Tuesday, Sept 11

0900 Mtg w/Bill Martin
re: bilaterals [redacted]
Rm 368

1230
~~1000~~ Jeane Kirkpatrick
Duane Clarridge
(here)

1230 - Kirkpatrick 6th Flr 6333

1400 IG/T Rm 2236

400 - USFG

1630 [redacted]

1930 Cocktail/Buffet at
[redacted]
(Oakley for Sayre)
[redacted] Informal

Oliver North's Schedule

Tuesday, Sept 11

1000 Terry Douglas
re: Goodpastor
mtg

1500 - [illegible]
Terrorism

George [illegible]
[illegible] ?

Oliver North's Schedule

Friday, Sept 7

1000-1130 Senior Advisory Mtg
Hickey/Poindexter
East-West Basement

1130 RIG Mtg Rm 6909
[redacted] pre-IG
Nicaraguan elections

1300 Mary Lawton-Justice
Rm 6325
w/Paul Thompson

1600 RCM w/Amb Lew Tambs

1215 - Lunch w/Wilson
1430 - Lawton
1545 - Car to W.H.

Oliver North's Schedule

Monday, Sept 10

1000-1130 Prof Paul Wilkinson
"Int'l Coop & the
Problem of State-
Sponsored-Terrorism"
[redacted]

1215 Lunch w/Rich Miller
1607 New Hampshire
Third Floor
Frank Gomez/Jon Miller

1400 Prof Paul Wilkinson
"Terr in W. Europe"

1530 National Council of
Churches--Roose. Rm
Jackie Tillman
(Non-Mil)

1615 Ollie North (Mil)

1700 RCM Overall + Q&A

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Oliver North's Schedule

Monday, Sept 17

1030 [redacted]

1200 Amb Reich/Jonathan and Arturo Cruz, Jr Here (Rm 392)

Oliver North's Schedule

Thursday, Sept 13

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1100 LTCOL Bill Farrell NAVWARCOL

1200 Lunch w/Bob Helm Ester w/Fawn PNT Rm 3E822

1400 RIG Mtg Rm 6909 [redacted]

1500 Clarridge/Michel Rm 6263 re: legislation

1930 Take Fawn's friend fo WH tour THX!!

[illegible] released on 16 Aug 87 under provisions of E.O. 12356 by B. Reger, National Security Council

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Oliver North's Schedule

Friday, September 14

1000 John Gunther HQUSMC [redacted]

1045 Bernie McMahon (Dur) JCS-Central America

1130 - Kings Dominion Tickets

1200 Arturo Cruz, Jr. Otto Reich Jonathan Miller

-Call [illegible]

1515 Amb Robert Oakley mtg w/JMP

1945 Fawn leaves

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Oliver North's Schedule

Wednesday, Sept 26

0850 Car leaves W Basement

0900 State Rm 1206
Schneider's office
re: C.R:

1015 Car returns to OEOB

1100 - Jonathan Miller
Arturo Cruz, Jr.

1800 - mtg w/ [illegible] - Jackson Place

- Sgt. [illegible] . Chancery Sweep

[redacted]

[illegible], Foreign Minister Haiti
Roger Lafontant, National Defense Minister "
Frantz Merceron, Finance Minister "

Amos Jordan, CEO CSIS
Greg Kopley, Publisher of Def & Foreign Affairs
John Fox-Sullivan, Publisher Nat'l Journal
Michael Czinkota, Chairman Nat'l Center for Export-Import Studies
Gordon Freidman, Producer of 20/20 ABC
Arnold deBorchgarve, Author of SPIKE
John Carbaugh, Former Advisor to Jessie Helms
Peter McPherson, AID

Oliver North's Schedule

Monday, Sept 24

1000 Andy Messing

1100 JMP/GEN Lewis

1230 - mtg w/

1600 [redacted]

1800

Oliver North's Schedule

Tuesday, Sept 25

1200 Lunch w/Ron Frankum
Romeo & Juliet
2020 K Street

1500 Dr. Herbert Schandle
Nat'l Def Univ (Army
re: U.S. mil asst
(knows Lilac and
Philip Hughes)

1600 TIWG WHSR

[redacted]

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Oliver North's Schedule

Tuesday, Oct 30

0930 Doug Olin

1530 NSC Mtg on CentAm
Cabinet Room

Oliver North's Schedule

Wednesday, Oct 31

0830 ODSM

0915 [redacted]

0930 Mike Walsh
re: OPG report & ltr

1000 COL Adolfo O. Blandon
GEN Vessey/RCM

1100 RCM/JMP Mtg CentAm

1215 Lunch w/GEN Rice
Pentagon Rm 2C840
Room

1830 Pumpkin Papers
International Club
18th & K Streets
Casey & Silberman

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10 Aug 87

Oliver North's Schedule

Friday, October 26

0730 ODSM

1000 RCM Mtg w/Rockefeller
re: [redacted]

1045 Prof David Hall
WARCOLLEGE

1130~~am~~ ~~Amb~~ Otto Reich
Arturo Cruz, Jr.
Jonathan Miller

12pm - Call Somerset [illegible]
[redacted]

Oliver North's Schedule

Monday, October 29

1100 Charlie Allen

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[redacted]

Barnaby

Oliver North's Schedule

Monday, Jan 28

0930	Steven Trevino Benny Veteto
1100	Dr. William Walsh
1400	Bob Linhard Terr Research
1430	Bob Reilly Tillman - Menges Reich - Miller "Constitutional & lega: aspects of U.S. involvement in CA"

Wash. - [illegible]
1730 -

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Oliver North's Schedule

Thursday, Jan 24

0730	ODSM
0930-1000	William Comee
1000-1100	Jennifer Thomas (GAO) Alan Bennett re: Quality Equip to El Salvador: Congress review
1100-1130	Bill Farrell re: Terr Research
1130-1145	Rm 450 RR address.
1230	Mike Walsh
1300	Felix I. Rodriguez
1600	WHSR Dave Vario Brief

Oliver North's Schedule

Friday, Jan 25

0730	ODSM
0830	WHSR Citizens for America Lew Lehrman Reich - Miller Sanchez - Raymond
1300	Arturo Cruz, Jr.
1400	[redacted]

0718 - Lilac/Second

** OVER **

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Oliver North's Schedule

Wednesday, Jan 23

0930 Terrence Douglas

1000 Mtg w/MacNamara & Burghardt

1015 - [redacted]

1200 Lunch w/Betsy and Ambassador Tambs

1400 - VP [illegible] [illegible] [illegible]

1700 NSC Staff Mtg

MEL KRUPPINS [redacted]
1120 Connecticut Avenue
(Opposite the Mayflower Hotel)
between L & M streets)
Reservations for 4 at 7:30 p.m.
under name of North

Oliver North's Schedule

Wednesday, Jan 16

3372

0930 Jonathan Miller
Frank Gomez
Richard Miller

1000 Arturo Cruz, Jr.

1130 John Hocker

1300 Nathan Adams

1500-1700 "Good-bye" to C. Allen
[redacted]

1630 Morgan Smith w/RCM
Dr. Evan Peele
"ARDE Act in Nic"

1700-1745 — Tony Motley

1815 RCM w/McGraphs and [redacted] B. McMahon

Stephanie Van Reigersberg [redacted]

State Department Ops Center [redacted]

WH Garage [redacted]

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Oliver North's Schedule

Tuesday, Feb 26

0800-1000 Breakfast w/Rich Morse
Rep Alexander/Leach
LA Program Wilson Ctr
1000 Jefferson Dr NW
Regents Rm 3rd Flr
Options for Cuba

1030 Michael Ledeen

1045 Ron from CMF

1200 Mtg w/Oakley, [redacted] and Gilbert

1300 Lunch Foreign Service Club (go with Oakley)

[redacted]

1730 Schneider/Keel/Michel/Mulford/Armitage/McPherson Rm 1206

Oliver North's Schedule

Wednesday, Feb 27

1000 - [illegible], [illegible], [illegible], [illegible]

1030 Fawn arrives

1230 Lunch w/GEN Galvin and Ray Burghardt

1300 CPPWG [redacted]

1630 Jim Wheelan

1715 Fawn leaves

Oliver North's Schedule

Thursday, Feb 21

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0930 Bill Swope
John Scharfe

1000 Bob Linhard
Bill Farrell

1755 Depart Dulles Airport (see trip file)

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Oliver North's Schedule

Monday, Feb 25

0900 Nathan Adams

1000 [redacted]

~~1000--Promotion-GEN-Galvin~~
(you're not going)

1100 RCM/JMP/Burghardt
[redacted] Nic Brief

~~1300 -Steering Group Mtg East Wing~~

1330-1400 - [illegible] Brief Steering Gr

1700 [redacted]

OVER

1715 Rod McDaniel

1900 Al Keel

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Oliver North's Schedule

Monday, March 4

0900 Bob Pearson "HELLO"

0930 Miguel Walsh
Willie Griffith
Terrence Douglas

1000 Terrence Douglas

Oliver North's Schedule

Tuesday, March 5

0900 [redacted]

1200 Lunch w/Curt Winsor

2030 CAPT John R. Allen

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Oliver North's Schedule

Thursday, Feb 28

0930- Pres Mtg Oval Office
0950 Gorman/Galvin/Vessey/
Weinberger and Aids

1000 Retirement Ceremony
Ron Sable Ward Rm

1030 Nathan Adams

1100 - [illegible]

1200 Lunch in WH Mess
deGraff/Don Fortier/
Gary Chase/Bernie
McMahon

1630 CA Brief Rm 450
Congress Interns/Staff
(150 add new spin pls)

1800 - Barnaby call

1900 Fawn leaves

Oliver North's Schedule

Friday, March 1

0910 Car leaves - Ramp

0930 CIA Hdqtrs Rm [redacted] Vickers
re: HPSCI & Nicaragua

1035 Car leaves - Hdqtrs

1500 Mtg Rm 6256
Reich/Ball/Fox/Miller

1600 [redacted]
Kuykendall-Abramoff-
Blair-Dickens-Denton-
Bouchey-Raymond-
Reich-Miller

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Oliver North's Schedule

Tuesday, March 19

0900 Core Support Brief
Rm 208

1000 GEN Paul Gorman (here)

1100 JMP "drop by" Rm 208
Core Support Brief

1230 [redacted]

1345 Gorman/Gates (here)

1430 David Walker and
Sparkplug

Georgetown Mulberry House

[redacted]

Oliver North's Schedule

Monday, Apr 29

0930 Richard Ferris
William Roemer

1630 Working Grp Mtg
Kuykendall

[redacted]

Oliver North's Schedule

Friday, March 15
916 [redacted]

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0830 Amb Holsy Handyside
Terry Arnold

0945 CAR
1000 Everett Dierman
Rayburn Bldg Rm B360
1115 CAR

[illegible]

1600 CPPG Mtg in WHSR
[redacted]

1715 Mtg w/JPM & RCM

1915 OCS Dinner
Old Town Ramada Inn

Oliver North's Schedule

Monday, March 18

0815 Breakfast Hayadams
Ken Khachigan
Dave Wigg
re: OPIC claim Nic

1000 Mike Walsh
(drop off paper)

1015- IG/T [redacted]
1200

1400- continued IG/T
1600

1900 Blackies' House of
Beef (Dinner)
[redacted]
(Noel Koch)

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Oliver North' Schedule

Friday, April 19

0920 Fortier Mtg WHSR

1000 Hawkins' Testimony

1200 Lunch w/Dave Wopler
Larry Spivy
WH Mess/Raymond-Reich

1500- ON Brief on CA Rm 450
1530 Evangelical Protestant
Media (Doug Holladay)

Oliver North's Schedule

Friday, Apr 26

0930 Arturo Cruz, Jr. CALL

1000 Mike Ledeen

1130 Harry B.

[redacted]

1500 Darby Promotion/Detachment Ceremony
JCS Dining Rm

1600 - [illegible]
1730

1810 Delta Airlines
National Airport

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Oliver North's Schedule

Wednesday, March 20

0900 [redacted]

1315 COL Ted Cummings
(pass envelope)

~~[illegible]~~
1400 - [illegible]
1900 - [illegible]

1600 Jonathan Miller

1630 Reception for Gorman
PNT Rm 2E877 (Vessey)

1930 Cocktail/Buffett
[redacted]
Oakley for British

- [illegible]
- [illegible] [redacted]

Oliver North's Schedule

Monday, April 22

0920 Fortier Mtg WHSR (??

Call from ZCM
1930 - Postponed 1600 [illegible]
C-[illegible] [redacted]

Tang [illegible] · Koo [illegible]

[illegible]
NSC -
CP.- - 3377

[illegible]

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Oliver North's Schedule

Wednesday, Mar 27

0930	Dick Wood (CMF) re: terr Selected Nat'l Sec Issues Pres's Briefing Book
1100	Adolfo Calero
1200	AAA w/ON
1230-1330	AAA w/Kuykendall (Owen)
1400	Singlaub and Calero
1400	TIWG WHSR
1600	Bye-Bye Diane Dornan Rm 372
1830	Reception Shoreham Hotel Faith Whittlesey Roast Guest of Andy Messing
1930	Dinner (business coat)

[redacted]

Oliver North's Schedule

Friday, March 29

1000	Robert Wood, NAVWARCOL re: JMP & Global War Game
1100	Jack Abramoff Grover Norquist Johnathan Miller
1300	VP Pre-Brief WW
1430	Ex Cmte IG/T Rm 2236
1530	RCM-JMP-GEN John Galvin
1630	Arturo Cruz
2100	Charlie Allen/[redacted] [redacted] "Pub in Great Falls"

Oliver North's Schedule

Thursday, March 21

0900-1200	Core Support Brief Rm 208
1030	Mike Ledeen [redacted]
1100-1115	JMP Drop-by Rm 208 Core Support Brief
1300	Jack Abramoff
1500	Amb Curt Winsor
1600	Oakley Wrap-up w/Brits Rm 1205

[illegible]

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Oliver North's Schedule

Tuesday, March 26

0930	Jonathan Miller
0930	Rob Owen
1030	GEN Richard Secord
1130	Elie Krakowski
1730	Rm 208 Pub Dip re CA Buchanan-Reilly-Elliott Reich-Miller-Holwill Raymond-Burghardt North-Lehman

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Oliver North's Schedule

Thursday, Apr 4, 1985

0900- RCM with AAA
0930

1000- Lehrman w/AAA WHSR
1030

1030- Pres w/AAA
1100

1120- ON Brief on Pol-Mil
1200 and Human Rights CA
Rm 476 Student Body
Presidents at GT,
GW, AU, UVA

1400 Jorge Mas (here)
Burghardt/Reich

Oliver North's Schedule

Friday, April 5

0730 ODSM WHSR

0800 Task Force Mtg Rm 2

0900 Jorge Mas

1000- HDQTRS CMC (Tickets
1200

1400 JMP WHSR [redacted]

1530 Rm 2236 Oakley
[redacted] & terror

1730 Buchanan Mtg Rm 208

Oliver North's Schedule

Monday, April 1

1200 - Bill Casey

1230 Johnathan Miller

1315 LSG Regan's Office
Shultz-Weinberger-
Casey-RCM

1500 - HLTF - Mtg - Call [redacted]

1600 PRG VP OEOB Rm 208

1730 Kuykendall -- AAA Mtg

Call Ted Turner - Re Lewis
& notes for Charley
Charlie [redacted]

Oliver North's Schedule

Tuesday, April 2

0930 Mike Ledeen

1000 Prepare slides Rm 2

1015- RCM-Small-Burghardt-
1200 J. Miller-Brokaw
Rm 208

1100 IG/T Mtg Rm 2236

1230 Dave Quinlan Lunch

1545 Walt Raymond Funeral

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Oliver [illegible]

Thursday, Apr 11

0830 ODSM
0900 Bill Bode/Nestor Pino re: USSOUTHCOM and Schweitzer
0945 - Kuykendall [illegible]
1030 Carib Task Force Mtg Galvin guest speaker
1145 Dan Mudd
1215 Lunch w/Amb McCormack
1530 Mtg w/Kuykendall [redacted]
1645 John Stenbit (TRW)

[illegible]

Oliver North's Schedu

Monday, April 15

0930-0945 RR w/Pres Monge Oval Office
1400 Cabinet Mtg on Budget/Nicaragua
1430 [redacted]
1515-1530 RCM Speaks NRF "Tea
1530-1540 VP Speaks NRF "Tea"
1930 NRF Dinner JW mariott

Oliver North's Schedule

Monday, April 8

0830 ODSM WHSR
0900 Fortier Mtg Rm 208 Nic Task Force
1000 Sol Sanders
1100 Rob Owen
1215 Lunch w/Tim Brown Old Ebbitt Grill
1545 American Enterprise Inst. for Pub Dip Menges speaks [redacted]

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Oliver North's Schedul

Tuesday, Apr 9

0830 ODSM WHSR
[illegible] [illegible]
0930 Secure PHONECON Fortier/Moreau/ Michel/Reich/North
1000 Amb Richard McCorm (replaced Amb Middendorf)
1030 Rob Owen
1400 - Sava Stepanovitch Sven Kraemer
[illegible] - [illegible]
1700 NSC Staff Mtg
1800 -
[illegible] - Casino

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OLIVER NORTH'S CALENDAR
MAY 8, 1985

0845 Rich Miller

0930 Dennis Kux

1030 John Stenbit - TRW

1145 AMB Tamba - lunch

1345 Car to CIA HQs

1400 Meeting at CIA HQs

1530 Car to OEOB

1645 Rich Miller
Ross Munro
Johnathan Miller

1830 Farewell/Cocktails
The Rotunda
British Embassy
[redacted]

[illegible]

OLLIE NORTH'S CALENDAR
MAY 13, 1985

1045 Don Fortier's office
Contra Issues

1145 [redacted]

1400 Adolfo Calero

1500 Mike Ledeen

1530 PCG Meeting

1700 Arturo Cruz, Jr.
Johnathan Miller

1730 Rich Miller

1830 LTC John Garrett

[illegible]

OLIVER NORTH'S SCHEDULE
MAY 6, 1985

0830 - [illegible]

0900 - [illegible]

1000-1400 Jack Kemp et. al.

1600 David Beisner
Ramundo Arras

2000 Farewell Dinner
Andrew Green
Wright Residence
[redacted]
Blacktie

[illegible]

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OLIVER NORTH'S SCHEDULE
MAY 7, 1985

1100 COL Martin Ganderson
re: low intensity
conflict

1530 Central America
Public Diplomacy
Meeting in Walt
Raymond's office

1630 Arturo Cruz, Jr.
Johnathan Miller

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OLIVER NORTH'S CALENDAR
MAY 23, 1985

[illegible] [redacted]
1200 Gale Brink - Lunch
1300 Andy Messing
1330 Raymond T. Wilson
Robert A. Pearson
(set up by DJ Mallman)
1500 Dr. William Walsh
1545 Amb John Ferch
2030 Charlie Allen, Paul
Murphy, Wayne Peal -
usual place

Oliver North's Schedul

Friday, May 24

0930 COL John Hocker
1100 NSC Mtg
1200 Lunch in WH Mess
Honor: Newt Gingric
and Wife
By: Elliott/Noonan
1300 - Rod McDaniel

Oliver North's Schedule

Tuesday, May 21

0900 Governor Claude Kirk
1000 Jonnathan Secure Call
1030 [redacted]
1200 Lunch at Metropolitan
Club w/Tom Reed
1500-1530 ON on Terrorism Rm208
Fed Service Exec Ctr
1600 Buchanan Mtg
1645 [redacted]
1830 Council of Americas
DOS, B. Franklin Rm
(Amb Motley/Rockefaller
2030 - Jim Tully

Oliver North's Schedule

Wednesday, May 22

0830 Fortier mtg.
1000 [redacted]
1045 Schneider Mtg on RMTC
State Rm 1205
1200 Lunch w/GEN McClintoc
1330 Amb David McConnell
Randall Wood
Cody Ice
1400 Christina & Johnathan
(meet at State)
1730 Reception
Def Strategy Forum
1800 K Int'l Club
1800 Presentation by Cruz
1900 Dinner
2015 Int'l Club mtg w/ Rich Miller

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Oliver North's Schedule

Thursday, May 30

0730 ODSM

1100 - Leg. Strat Gp.

1230 Wycliffe Diego
Teofilo Archibald

[illegible]
[illegible] [redacted] [illegible]

14~~00~~5 Mike Bohn (CMF)
re: TIWG Mtgs [redacted]

1500 - [illegible]

16~~00~~ Trent Lott/Buchanan

1730 Capitol Hill Club Rm 75
[illegible] Bldg. [illegible]

[illegible] [illegible]

Oliver North's Schedule

Friday, May 31

0730 ODSM

1200 [illegible]

[illegible] [illegible]

~~1500~~ Fawn Mtg w/CMF Peopl
[illegible]

1530 [illegible]

1600 Buchanan Mtg Rm 208

Oliver North's Schedule

Tuesday, May 28

0830 Amb Des. John Ferch
(Honduras)

1400 IG/T Rm 2238

1830 Amb & Mrs. Adrien
Raymond (Haiti)
w/Betsy (reception)

[redacted]

Oliver North's Schedule

Wednesday, May 29

1000 [redacted]

1145 Amb Lew Tambs (here

1200 Lunch w/Tambs-Messin
HayAdams Grill Rm

1400 Mike Ledeen

1600 Kuykendall Mtg

1800 Armstrong Wiggins

1930 [redacted]

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10 AUG 87

3 Week Beginning June

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	MONDAY, JUNE 3 154	TUESDAY, JUNE 4 155	WEDNESDAY, JUNE 5 156
7			
7 15			
7 30			CDSM
7 45			
8			
8 15			
8 30			Jonathan Miller
8 45			
9			
9 15			
9 30		[illegible] Et [illegible]	
9 45		[illegible] Republican	
10	[redacted]	Leadership	[illegible] Mtg
10 15			
10 30		Ken deGraff	[redacted]
10 45		Charlie Allen	
11		Vince Cannistraro	
11 15		re: terrorism	
11 30		Earlier Mtg	
11 45			
12	Lunch w/ [illegible] E	Run w/ Ken deGraff	Lunch w/ [illegible]
12 15			[illegible] /JM
12 30			25
12 45			[redacted]
1			
1 15			
1 30			
1 45		[illegible]	
2	NSG Mtg	[illegible] Circle [illegible]	
2 15		[illegible] CA	
2 30		[illegible] James [illegible]	
2 45		[redacted]	
3	[illegible]		
3 15			
3 30			
3 45			
4		Dr. [illegible] Sec [illegible]	
4 15			
4 30			
4 45			
5		Eastern Shuttle	NSC Staff Mtg
5 15		to NY [redacted] [illegible]	
5 30	Michael Sehrer		
5 45	Jonathan Miller		
6	- 2000 Republican	- 2000 Congress Reception	
6 15	Nat'l Cmte	Longworth HOB Cafeteria	
6 30	PM Herbert Blaize	(American Security Council)	
6 45	Grenada	Lori Palmer [redacted]	
7	Ritz-Carlton 2100 Mass		
7 15	Potomac Rm [redacted]		
7 30			
7 45			

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2100 - Eastern Shuttle
fm NY to [illegible] DC

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er North's Schedule

Wednesday, Jun 5

0730 ODSM

1030 OEOB VP Pre-Brief

1200 Lunch [redacted]
Rich Miller/Frank Gomez
Johnathan/Otto

1700 NSC Staff Mtg

Oliver North's Schedule

Thursday, June 6

1000 Fortier Meeting

1030 [redacted]

1200 Lunch w/Terry Dougl

1530 ON Speech on Terror
to Monroe Comm Coll
Rm 474 (for Gaston

1800 Retirement Merrill
Kelly (Cameron St
Buffett ($13.00)

Oliver North's Schedule

Monday, June 3

0900- [illegible]

1000 [redacted]

1300 William Bodie
Carl Jenkins

1100 [illegible]

10 Aug 87

1800- Republican Nat'l Cmte
PM Herbert Blaize
(Grenada)
Ritz-Carlton PotomacRm

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Oliver North's Schedule

Tuesday, June 4

0900 Bill Bodie
Carl Jenkins

0930 Kevin Latham (CMF)

1030 Ken deGraff Rm 3
Charlie Allen
Vince Cannistraro
re: terrorism

1345- OPM Dupont Plaza Ho
1430 Circle Rm
ON on Cent Am
Dr. James Van Dien

1600 Dr. Beal Dedicatio
Rm 208

1900- Congress Reception
Longworth HOB
Cafeteria
(over)

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Oliver North's Schedule

Monday, June 17

1030 GEN Richard Secord
Thomas Clines
Adolfo Calero

1515 Brief on Hijacking
for Sen Denton WHSR

1400 Richard Mathias
Western Gulf (Buchanan)
re: Nic FF promotional
programs

1630 Johnathan Miller
(green for bearded one)

1900 Bob Kimmitt "Bye-Bye!"
Indian Treaty Room

Oliver North's Schedule

Tuesday, June 18

0930 Bill Bodie
Carl Jenkins

1000 Fortier Mtg (Contras

1600 JMP on terr in WHSR
w/Bill Boyer (Hill)

1900- WHSR w/Barbara Newingto
2000 Carl Russell-Channe
and Rich Miller

2030 Metro Club w/Tambs

Oliver North's Schedule

Thursday, June 13

[illegible]
Buchanan call
to Daily Oklahoma
Re McCurdy

1300 Michael O'Byrne
Michael Hanson
(DIA re CAJIT)

1400 Donald Beattie
Douglas Rekenthaler
([redacted]
referred by MAJ Helm)

1500 SECNAV Lehman 4E686
1530 VAdm Moreau 3E872
1655 Meese - Roosevelt Rm

1730 Elliott Abrahams
Rm 7802

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Oliver North's Schedule

Friday, June 14

"Calero/Walker Talks"

0730 ODSM

0830 Breakfast w/Secord
Sheraton-Carlton

0930 Thomas Patton
Richard Lehman
(terr Charlie Allen)

1400 [redacted]
1430 Fortier Mtg
1445 David / Calero

1800 Leave for NY

S/C Rm 838 -

[redacted] } Bob Sims

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Oliver North's Schedule

Friday, June 21

1100 IG/T Rm 2238
Rvw of Implementation of
Pres Msg on Civil Aviation
Security Aspects

1200 R/IG Rm 6253
Pres Statement on
El Salvador

1400 JMP WHSR VP Task Force
Fuller - 6199
~~1430 WHSR JMP on Terrorism~~
~~(w/Bill Boyer TAC)~~

1715- CA Brief Rm 450
45 elected officials
Colorado (Sen Armstrong)

1800 Johnathan

Oliver North's Schedul

Tuesday, June 25

[illegible] [redacted]

1200 Lunch State Dining
Bipartisan Congres

1230- RCM on Hijacking
1245

1900 WHSR Barbara Newingt
Carl Russell Chann

1900 Sanchez Cocktail/Buffe

2000 McCurdy [redacted]

Oliver North's Schedule

Wednesday, June 19

1130 [redacted]

1530- ON on CA Rm 476
1615 30 top Espanic leaders

1600- Kuykendal Reception
1800 honoring A. Calero

Oliver North's Schedule

Thursday, June 20

1200 Lunch w/Dick Ferris
Hayadams Grill Rm

J.—

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1 Week Beginning
July

UNCLASSIFIED

	MONDAY, JULY 1 182	TUESDAY, JULY 2 183	WEDNESDAY, JULY 3
7			
7:15			
7:30			
7:45			
8			
8:15			
8:30			
8:45			
9			
9:15			
9:30			NSPG WHSR
9:45			
10		Richard Miller	Bruce Camer
10:15		Lee [redacted]	
10:30		replaces Shaun Smith	
10:45			
11	[illegible]		Johnathan M
11:15			
11:30			Rob Owen
11:45			
12		Lunch w/A Messing	Lunch w/Esther
12:15			Bob Helal
12:30	[illegible]		
12:45	[illegible]		[illegible]
1			
1:15			
1:30	[illegible]	VP Task Force mtg	
1:45	[illegible]	Rm 248	
2	WHSR JMP	[illegible]	
2:15	[illegible] Boyer (FAA)		
2:30			[illegible]
2:45			[redacted]
3		Johnathan Miller	
3:15		Arturo Cruz Jr.	
3:30			
3:45			
4			
4:15			
4:30	Johnathan Miller		
4:45			
5			
5:15			
5:30			
5:45			
6			
6:15			
6:30		Dinner w/BCM	
6:45			
7			
7:15			
7:30			
7:45			

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8 Week Beginning July

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	MONDAY, JULY 8 189	TUESDAY, JULY 9 190	WEDNESDAY, JULY 10 191
7			
7:15			
7:30			
7:45			
8		DF CDPG debrief	
8:15			
8:30			
8:45			
9			
9:15			
9:30	Linda Chavez	[illegible] Cruz [illegible]	
9:45	Rm 420 Nancy [redacted]	[illegible]	
10	re: her Nicarag. trip	Guatemala [redacted]	
10:15		Candy	
10:30	Gary Schmidt	David Halevy	
10:45		[redacted]	
11			
11:15			
11:30			
11:45			
12			[illegible]
12:15			
12:30			[illegible]
12:45			N.d [illegible] Conf
1			[illegible] Conference [illegible]
1:15			[illegible] Rm
1:30			[illegible] Travel Javier [illegible]
1:45			[illegible]
2	Dan [illegible]		Victor G [redacted]
2:15			
2:30			
2:45			
3			
3:15			
3:30			
3:45			Jonathan Miller
4	JMP		Arturo Cruz Jr
4:15			
4:30			DF Mtg on Contras
4:45			
5			
5:15			
5:30			
5:45			
6			
6:15			
6:30		Hay Adams Grill Rm	London
6:45		Rich Miller	
7			
7:15			
7:30			
7:45			

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National Security Council

August 1985						
S	M	T	W	T	F	S
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	31

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Week Ending July 14

THURSDAY, JULY 11 192	FRIDAY, JULY 12 193	SATURDAY, JULY 13 194
7	7	7
7 15	7 15	7 15
7 30	7 30	7 30
7 45	7 45	7 45
8	8 Hcard [redacted]	8
8 15 cancel	8 15	8 15
8 30	8 30	8 30
8 45	8 45	8 45
9	9	9
9 15	9 15	9 15
9 30	9 30	9 30
9 45	9 45	9 45
10	10 Mike Ledeen	10 Charlie Allen
10 15	10 15	10 15
10 30	10 30	10 30
10 45	10 45	10 45
11 Kevin Jaies	11 Ex-Com	11
11 15 Funeral	11 15	11 15
11 30	11 30	11 30
11 45	11 45	11 45
12	12 Lunch w/ B Stearman	12
12 15	12 15	12 15
12 30	12 30	12 30
12 45	12 45	12 45
1	1	1
1 15 Jan. [illegible] 263	1 15	1 15
1 30 [illegible]	1 30	1 30
1 45 17316 [illegible]	1 45	1 45
2	2 Mtg w/ CG [illegible] Br	2
2 15	2 15 "Re Md to Success of	2 15
2 30	2 30 [illegible] 26 [illegible]	2 30
2 45	2 45	2 45
3	3 Mike Ledeen	3
3 15	3 15	3 15
3 30	3 30 Rob Owen	3 30
3 45	3 45 Johnathan Miller	3 45
4	4 Jake, Gast, Armitage	4
4 15	4 15 Schneider 4E830	4 15
4 30	4 30 Sec Asst to CH	4 30
4 45	4 45	4 45
5	5	SUNDAY, JULY 14 195
5 15	5 15	
5 30	5 30	
5 45	5 45	10 Aug 81
6	6	
6 15	6 15	
6 30	6 30	
6 45	6 45	
7	7	
7 15	7 15	
7 30	7 30	
7 45	7 45	

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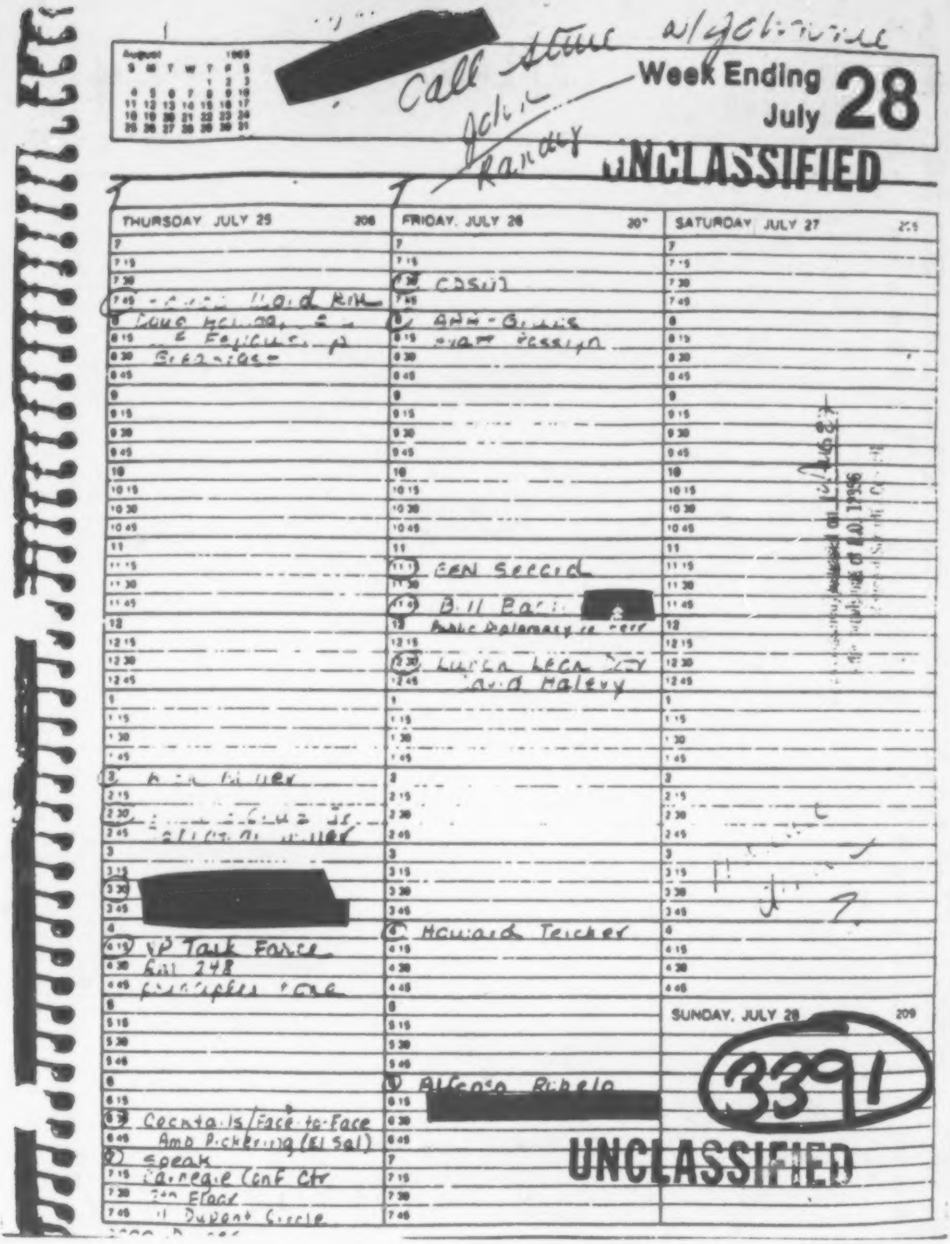

[redacted] Call Steve w/ John [illegible]
John
Randy

August						1985
S	M	T	W	T	F	S
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	31

Week Ending July 28

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THURSDAY JULY 25 206

7 45 [illegible] Lloyd Rm
8 [illegible] [illegible]
8 15 [illegible] [illegible]
8 30 Breakfast
2 [illegible] [illegible]
2 30 [illegible] Cruz Jr.
2 45 [illegible] [illegible]
3 30 [redacted]
4 15 VP Task Force
4 30 [illegible] 248
4 45 Principles [illegible]
6 30 Cocktails/Face-to-Face
6 45 Amb Pickering (El Sal)
7 speak
7 15 Carnegie Conf Ctr
7 30 [illegible] Floor
7 45 [illegible] Dupont Circle

FRIDAY, JULY 26 207

7 30 CDSNI
8 [illegible] - [illegible]
8 15 [illegible] Session
11 15 Gen Secord
11 45 Bill Bar[illegible] [redacted]
12 Public Diplomacy conf
12 30 Lunch [illegible]
12 45 and Halevy
4 Howard Teicher
6 Alfonso Rubelo
6 15 [redacted]

SATURDAY JULY 27 208

SUNDAY, JULY 28 209

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[illegible] under provisions of E.O. 12356 [illegible]

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September						1985
S	M	T	W	T	F	S
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30					

Week Ending August 11

THURSDAY, AUGUST 8 220

7	
7 15	
7 30	
7 45	
8	WMSR
8 15	re bombing in
8 30	Germany
8 45	
9	
9 15	
9 30	
9 45	
10	
10 15	
10 30	
10 45	
11	GEN Ad[illegible] & [illegible]
11 15	LCL Nestor & Dr. Marica
11 30	Fred [illegible]
11 45	
12	
12 15	
12 30	
12 45	
1	[illegible]
1 15	[illegible]
1 30	
1 45	
2	
2 15	
2 30	
2 45	
3	
3 15	
3 30	GEN Paul Gorman
3 45	ADM Stasser telcom
4	GEN Dennis Whitehead
4 15	([illegible] Brief)
4 30	
4 45	
5	
5 15	
5 30	Charlie Allen
5 45	
6	Terry Arnold
6 15	[redacted]
6 30	
6 45	
7	
7 15	
7 30	
7 45	

FRIDAY, AUGUST 9 221

7	
7 15	
7 30	
7 45	
8	
8 15	Cruz
8 30	Calero 3E872
8 45	[redacted] [illegible]
9	
9 15	
9 30	
9 45	Johnathan Miller
10	[illegible] 1139 [illegible] 867
10 15	[illegible]
10 30	[redacted]
10 45	
11	[illegible]
11 15	re [illegible]
11 30	
11 45	
12	
12 15	
12 30	
12 45	
1	
1 15	
1 30	
1 45	
2	
2 15	
2 30	[illegible]
2 45	[illegible]
3	[illegible]
3 15	[illegible]
3 30	Arturo Cruz, Jr
3 45	Johnathan Miller
4	Rob Owen
4 15	
4 30	
4 45	
5	
5 15	
5 30	
5 45	
6	
6 15	
6 30	
6 45	RCM
7	
7 15	
7 30	
7 45	

SATURDAY, AUGUST 10 222

7	
7 15	
7 30	
7 45	
8	
8 15	
8 30	
8 45	
9	
9 15	
9 30	
9 45	
10	
10 15	
10 30	
10 45	
11	
11 15	
11 30	
11 45	
12	
12 15	
12 30	
12 45	
1	
1 15	
1 30	
1 45	
2	
2 15	
2 30	
2 45	
3	
3 15	
3 30	
3 45	
4	
4 15	
4 30	
4 45	

SUNDAY, AUGUST 11 223

[illegible] on 12 16 87
[illegible] provisions of E.O. 12356
[illegible] National Security Council

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19 Week Beginning August

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MONDAY, AUGUST 19 231		TUESDAY, AUGUST 20 232		WEDNESDAY, AUGUST 21 233	
7		7		7	
7:15		7:15		7:15	
7:30		7:30		7:30	
7:45		7:45		7:45	
8		8		8	
8:15		8:15		8:15	
8:30		8:30		8:30	[illegible]
8:45		8:45		8:45	
9		9	[illegible] State	9	
9:15		9:15	(22nd & C St) Rm 150	9:15	
9:30		9:30	Nat'l Academy of Sciences	9:30	
9:45		9:45	-1300 Oakley - North	9:45	
10		10	Presentations (Israel)	10	
10:15		10:15	Hausman [redacted]	10:15	Family [illegible]
10:30		10:30		10:30	[illegible]
10:45		10:45		10:45	[redacted]
11		11		11	
11:15		11:15		11:15	Hair Cut
11:30		11:30		11:30	
11:45		11:45	[illegible]	11:45	
12		12	[illegible]	12	
12:15		12:15	-HGR	12:15	
12:30		12:30		12:30	
12:45		12:45		12:45	
1		1		1	
1:15		1:15		1:15	
1:30		1:30		1:30	
1:45		1:45		1:45	
2		2	[illegible] Ledeen	2	
2:15		2:15	[redacted]	2:15	Car
2:30		2:30		2:30	- [illegible]
2:45		2:45	[illegible]	2:45	[illegible]
3	[illegible] cy [redacted]	3	[illegible]	3	[illegible]
3:15	[illegible]	3:15	[illegible]	3:15	[redacted]
3:30	[illegible]	3:30	[illegible]	3:30	Car
3:45	730 Jackson	3:45		3:45	
4	[illegible]	4	[illegible] Al.	4	[illegible]
4:15		4:15	[illegible]	4:15	
4:30		4:30	[illegible]	4:30	Family returns
4:45		4:45	[illegible]	4:45	
5	Frank Gomez	5		5	Staff Mtg
5:15	Carl Russell Channell	5:15		5:15	
5:30	Dan Conrad	5:30		5:30	
5:45		5:45		5:45	[illegible]
6		6		6	
6:15		6:15		6:15	
6:30		6:30		6:30	
6:45		6:45		6:45	
7		7		7	
7:15		7:15		7:15	
7:30		7:30		7:30	
7:45		7:45		7:45	

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September						1985
S	M	T	W	T	F	S
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30					

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Week Ending August 25

[illegible]

THURSDAY, AUGUST 22 234	FRIDAY, AUGUST 23 235	SATURDAY, AUGUST 24 236
7	7	7
7 15	7 15	7 15
7 30	7 30	7 30
7 45 [illegible]	7 45	7 45
8 Terry [illegible]	8 [illegible]	8
8 15	8 15	8 15
8 30 NO ODSM	8 30	8 30
8 45	8 45	8 45
9	9	9
9 15	9 15	9 15
9 30 [redacted]	9 30	9 30
9 45	9 45	9 45
10 [illegible]	10	10
10 15 [illegible]	10 15	10 15
10 30 [redacted]	10 30 St. John Garwood	10 30
10 45 [illegible]	10 45 Frank Gomez	10 45
11 Dr. Hugh[illegible]	11	11
11 15	11 15	11 15
11 30	11 30	11 30
11 45	11 45	11 45
12 [illegible]	12	12
12 15 [illegible] at [illegible]	12 15 Dan Cunningham	12 15
12 30 [illegible] w/ Dave	12 30 [illegible]	12 30
12 45	12 45	12 45
1	1	1
1 15	1 15	1 15
1 30	1 30	1 30
1 45	1 45	1 45
2	2	2
2 15	2 15	2 15
2 30	2 30	2 30
2 45	2 45	2 45
3	3	3
3 15	3 15	3 15 [illegible]
3 30 [illegible] Israel	3 30	3 30
3 45 [illegible] Calley	3 45	3 45
4	4	4
4 15	4 15	4 15
4 30	4 30	4 30
4 45	4 45	4 45
5 Johnathan →	5	
5 15	5 15	
5 30	5 30 Amb Edwin Corr	
5 45	5 45 Karl [redacted]	
6 Francis Gomez	6	
6 15 Carl Russell Channell	6 15	
6 30 Barbara Christian	6 30	
6 45 ~~Nancy Ramsey~~	6 45	
7 John Ramsey Jr.	7	
7 15 ~~St. John Garwood~~	7 15	
7 30 Mary Adamkiewicz	7 30	
7 45 [illegible]	7 45	

date

Ed + Harriet

10 Aug 87

SUNDAY, AUGUST 25 237

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26 Week Beginning August

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MONDAY, AUGUST 26	239	TUESDAY, AUGUST 27	239	WEDNESDAY, AUGUST 28
7		7		7
7:15	[illegible]	7:15	CASM [illegible]	7:15
7:30	[illegible]	7:30		7:30
7:45	[illegible]	7:45	McCormally [illegible] to	7:45
8		8	~~[illegible]~~	8
8:15		8:15	(Thanks [illegible]	8:15
8:30		8:30	to Dr.)	8:30 CASM [illegible]
8:45		8:45		8:45
9		9	~~[illegible]~~	9
9:15		9:15	~~TRC~~	9:15
9:30		9:30		9:30 Walt [illegible]
9:45	[illegible]	9:45		9:45 [redacted]
10	SGT [illegible]	10		10 Johnathan M
10:15	[redacted]	10:15		10:15 CHA Reich
10:30		10:30		10:30
10:45		10:45		10:45
11		11		11 [illegible]
11:15		11:15		11:15
11:30		11:30		11:30 [illegible]
11:45		11:45	[illegible] Hyers	11:45 [illegible]
12		12	[illegible]	12
12:15		12:15		12:15
12:30		12:30		12:30 [illegible]
12:45		12:45		12:45 [illegible]
1		1	Terrell [illegible]	1 [illegible]
1:15		1:15	Steve Barry	1:15 [illegible]
1:30		1:30	Dixie [illegible]	1:30
1:45		1:45		1:45 [illegible]
2	[illegible] org.	2		2 Ben [illegible]
2:15	Re: [illegible]	2:15		2:15 [redacted]
2:30	Dr. Michelle [illegible]	2:30		2:30
2:45	[illegible] [redacted]	2:45		2:45
3		3		3 Terry [illegible]
3:15		3:15		3:15
3:30		3:30		3:30 [illegible]
3:45		3:45		3:45
4		4		4
4:15		4:15	[illegible]	4:15
4:30		4:30	Bill Carnes	4:30
4:45		4:45	Kay Burghardt	4:45
5	[illegible]	5		5 Jean [illegible]
5:15	[illegible] Council	5:15		5:15
5:30		5:30		5:30
5:45		5:45		5:45
6		6		6
6:15		6:15		6:15
6:30		6:30		6:30
6:45		6:45		6:45
7		7		7
7:15		7:15		7:15
7:30		7:30		7:30
7:45		7:45		7:45

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Week Ending September 1

	THURSDAY, AUGUST 29 241	FRIDAY, AUGUST 30 242	SATURDAY, AUGUST 31 243
7			
7 15			
7 30			
7 45			
8			
8 15			
8 30	[illegible]		
8 45			
9		Mike Ledeen	
9 15			
9 30		re Passport	
9 45	Johnston/Ian Miller	James Healey (S-S)	
10	George [illegible]	Arturo Cruz Jr.	
10 15	AP [redacted]		
10 30			
10 45			
11	Michael [illegible]	[illegible]	
11 15		[illegible]	
11 30			
11 45			
12			
12 15			
12 30	[illegible]	[illegible]	
12 45	[illegible] [redacted]		
1			
1 15		car	
1 30			
1 45			
2		[illegible]	
2 15		[redacted]	
2 30	David Gunian	Dr [illegible]	
2 45	Ja. E. Bircher		
3	[redacted]		
3 15	[illegible]	car	
3 30	Ron [illegible]		
3 45			
4			
4 15			
4 30			
4 45			
5		Clinic ~~Bethesda~~	
5 15			
5 30			
5 45			
6	Sp. F~~2~~ David		
6 15			
6 30			
6 45			
7			
7 15			
7 30			
7 45			

SUNDAY, SEPTEMBER 1 244

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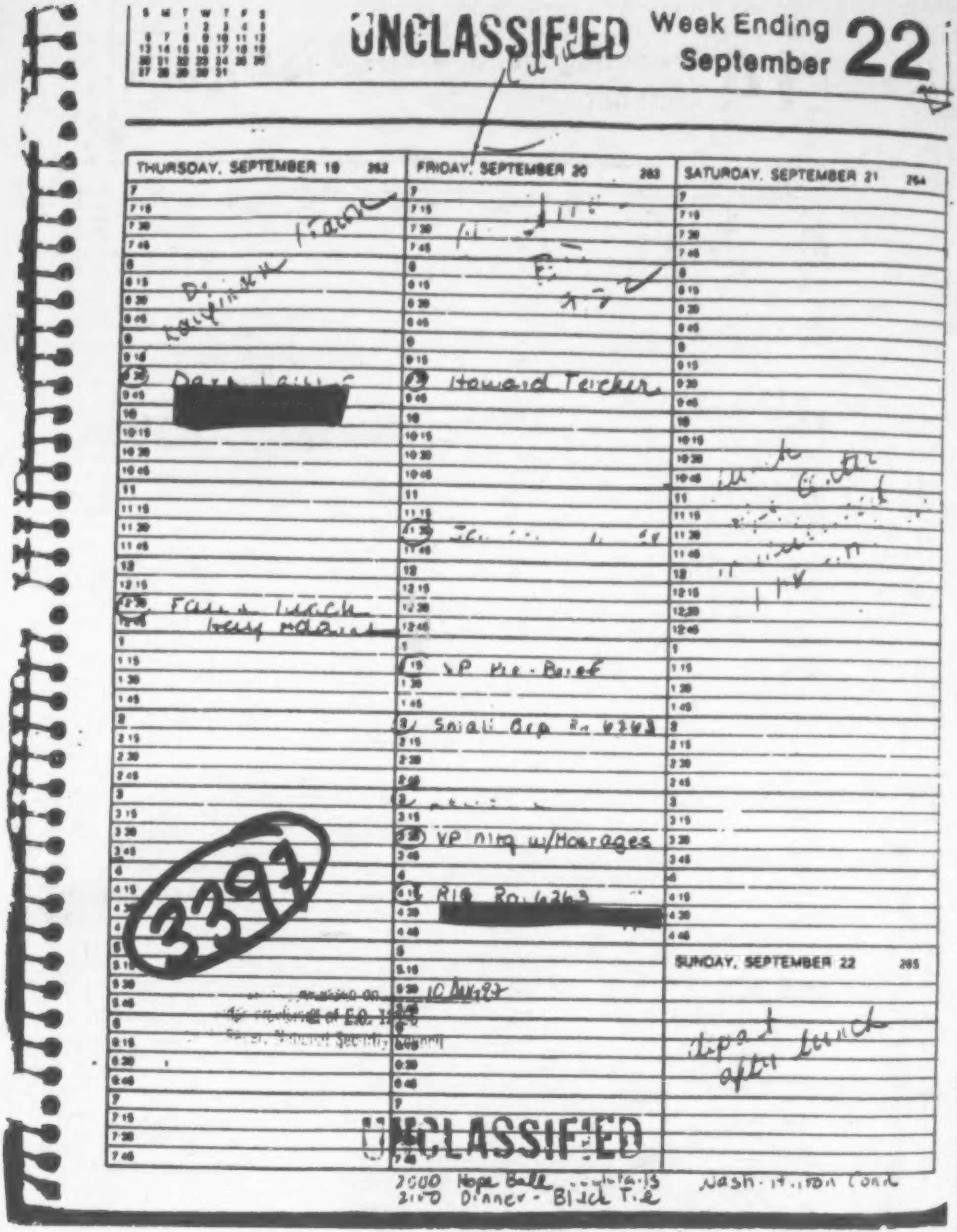

S M T W T F S
1 2 3 4 5
6 7 8 9 10 11 12
13 14 15 16 17 18 19
20 21 22 23 24 25 26
27 28 29 30 31

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Week Ending September 22

THURSDAY, SEPTEMBER 19 262

Dr. [illegible] [illegible]
9:30 [illegible]
[redacted]
12:30 Family lunch
[illegible]

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FRIDAY, SEPTEMBER 20 263

[illegible]
9:30 Howard Teicher
11:30 [illegible]
1:15 VP Pre-Brief
2 Small Grp Rm 4343
3 [illegible]
3:30 VP Mtg w/Hostages
4:15 RIG Rm 4363
[redacted]

2000 Hope Ball - cocktails
2100 Dinner - Black Tie

SATURDAY, SEPTEMBER 21 264

[illegible]

SUNDAY, SEPTEMBER 22 265

depart after lunch

Wash. Hilton Cond

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14 Week Beginning October

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COLUMBUS DAY

	MONDAY, OCTOBER 14 287	TUESDAY, OCTOBER 15 288	WEDNESDAY, OCTOBER 16 28
7			
7:15			
7:30		CDSML	
7:45			
8			
8:15			
8:30			
8:45			
9			
9:15			
9:30		[illegible]	Alan [illegible] -
9:45		Judge [redacted]	[redacted]
10		Pub Dp Mtg	
10:15			
10:30			
10:45			
11			
11:15		GEN Dick Secord	[illegible]
11:30			- 1300 Rm 6208
11:45			Abrams's [illegible]
12		Tom [illegible]	Re U.S.-Sov [illegible]
12:15		Lunch out	or Cen Am
12:30			
12:45			
1			car
1:15			
1:30			Cresencio Arc
1:45		Rich Miller	[illegible]
2			
2:15			
2:30		~~T[illegible] Ford~~	
2:45		~~[illegible] Pickney~~	Spitz - Don [illegible]
3		[redacted] Peggy	Fred Sacher
3:15		Michael Ledeen	Rich Miller
3:30			car
3:45			
4			- [redacted]
4:15			[illegible]
4:30			Central
4:45			
5			
5:15			
5:30			car
5:45			
6			- 2000 Dole - Baker -
6:15			& Publisher Bill [illegible]
6:30			The Nat'l Press Club
6:45			Ballroom 3rd F
7	Daniel w/Jana		[redacted]
7:15	Lenczowski	Jonnathan	Cocktails - [illegible]
7:30	Bob Reilly	Daniel Stringer	& Betsy
7:45	[redacted]	[redacted]	

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9 Week Beginning December

Time	MONDAY, DECEMBER 9 343	TUESDAY, DECEMBER 10 344	WEDNESDAY, DECEMBER 11 345
7			
7:15			
7:30	CDSAI w/HSR	CDSAI w/HSR	
7:45			
8			
8:15			
8:30			
8:45			
9		Ben Elliott	[redacted]
9:15			
9:30			Tillman w/HSR
9:45			SRG VP TF on C-T
10	Anne Gardner, SIC	Wa - Raymond mtg	Rm 208
10:15	[redacted]		
10:30		RIG Rm 6263	
10:45			
11			
11:15			
11:30			Johnathan Miller
11:45			
12	Eastern Shuttle		
12:15	to NY		
12:30	Tom Reed Trial		
12:45			
1			
1:15			
1:30			
1:45			
2		Capt Thomas Daly	
2:15		LCDR Christopher MacMurray	
2:30	E. 372 302	[redacted] Rm 370	
2:45			
3			
3:15			
3:30			
3:45		Amb John Ferch	
4	3411	[redacted]	Nelson Bunker Hunt
4:15			[redacted] Spitz
4:30		Amb Harry Bergold	
4:45		w/JMP [redacted]	
5			NSC Staff mtg
5:15			[redacted]
5:30			
5:45			
6		Vince Cannistraro	
6:15		Spitz - Rich - Dave	Depart Andrews AFB
6:30			Poindexter
6:45			Abrams - Walker
7			[redacted] - P. Thompson
7:15			O. North
7:30	Stanley Sporkin		for Panama
7:45	[redacted]		RON

Partially [illegible] 10 Aug 87
under provisions of E.O. [illegible]
by [illegible]Reger, National Security [illegible]

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FOLIO 505

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10 Week Beginning March

MONDAY, MARCH 10 69	TUESDAY, MARCH 11 70	WEDNESDAY, MARCH 12 71
7	7	7
7:15	7:15	7:15
7:30 [illegible] WASR	7:30 [illegible] WASR	7:30
7:45	7:45	7:45
8	8	8
8:15	8:15	8:15
8:30	8:30	8:30
8:45	8:45	8:45
9	9 [illegible]	9 [illegible]
9:15	9:15	9:15 [redacted]
9:30	9:30	9:30
9:45 [illegible]	9:45	9:45 McLeak [illegible]
10 [illegible] DIH	10	10 [illegible]
10:15 [redacted]	10:15	10:15 [redacted]
10:30	10:30	10:30
10:45 [illegible]	10:45	10:45
11	11	11
11:15	11:15	11:15
11:30 [illegible] Group	11:30	11:30
11:45 [illegible]	11:45	11:45
12 [illegible] mtg	12 WASR [illegible] mtg	12 [illegible]
12:15	12:15	12:15 [illegible]
12:30	12:30	12:30
12:45	12:45	12:45
1	1	1
1:15 [illegible]	1:15	1:15
1:30 [illegible]	1:30	1:30
1:45 [illegible]	1:45 [illegible]	1:45
2	2	2
2:15	2:15	2:15
2:30 [illegible]	2:30	2:30
2:45	2:45	2:45
3 [illegible]	3 [redacted]	3 [illegible]
3:15	3:15 [illegible]	3:15 [illegible]
3:30 3400	3:30 [illegible]	3:30 [illegible]
3:45	3:45 [illegible]	3:45 [illegible]
4	4 [illegible]	4 CSS TIME
4:15	4:15	4:15
4:30	4:30	4:30
4:45	4:45	4:45
5	5	5 NSC Staff Mtg
5:15	5:15	5:15 Terry Arnold
5:30	5:30	5:30
5:45	5:45	5:45
6	6 Jennifer Fischer	6
6:15 JAIP	6:15 [redacted]	6:15
6:30	6:30 [illegible] Mary	6:30 Michel [redacted]
6:45	6:45	6:45
7	7	7 [illegible]
7:15	7:15	7:15 [illegible]
7:30	7:30	7:30 [illegible]
7:45	7:45	7:45

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by [illegible] National Security Council

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Oliver North's Schedule

Friday, March 28

0830	ODSM WHSR
0900	Breakfast HA YR
0930- 1015	Jack LeCuyer (Don Mahley's)
1030- 1045	Nick Klissas re Honduras
1400	Amb Gene Douglas

Oliver North's Schedule

Monday, March 31

0830	ODSM WHSR
1200	WHSR Cluster Mtg
1500-	Rm 4E830 Ikle- Abrams-[redacted]-Sanch
1630-	Mtg w/ [illegible]

Oliver North's Schedule

Tuesday, March 25

0730	ODSM WHSR
0930	Terry Arnold Neil Livingston
1000	Richard Ferris
1100	Ron Hinckley/B. Earl
1200	WHSR Cluster Mtg
1400	Johnathan Miller Mitch Daniels/Hinkel Penn Kempbell
1730-	Cheney, Gingrich mtg w/ Dennis Thomas.
1930	Stuart CODE OF HONOR Forrestville Methodist Church

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Oliver North's Schedule

Thursday, March 27

0730	ODSM WHSR
0930	Breakfast HA - YR w/Spitz & Dan "Leatherneck Ball in NY"
1000	Walt Raymond Mtg
1100	Chris Arcos Jerry Clark Bill Walker

Call [illegible]
Re [illegible] - [illegible]
for OSTP

Roy Godson Re work w/ [illegible] on
[illegible].

1830- 2000	Rm 476 OLN on CA w/Robelo 20 people (Dan & Spitz Grp)

Dan & Grp. [redacted]

3401

10 Aug 87

EXHIBIT GPS-77

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Oliver North's Schedule

Monday, July 23

1000 [redacted]

1100 Carribean Steering Group Briefing (w/Bill Coenen)

1600 · [illegible] · [illegible] Dept 751c

1730 [redacted]

Oliver North's Schedule

Tuesday, July 24

0900 [redacted]

1200- 1400 US/UK Luncheon at Maison Blanche

1400- 1600 Mtg on terrorism in WHSR

NOTE: RCM needs WHSR at 1615

1815 - Bob Turner's Off
Mtg @ 1815
Z-7361
751c

Oliver North's Schedule

Thursday, July 19, 1984

1000 Fawn Leaves for apt

1000 Walt Raymond Mtg Otto Reich

1200 Lunch w/Wood Parker at Transportation 400 7th St Sw.

1345 Apt w/Judge Clark

1700 Swearing-in of Amb. Piedra Rm 474

Oliver North's Schedule

Friday, July 20

0845 Meet with RCM****

1200 NSPG Luncheon Mtg Cabinet Room re: CA covert action

1430 RCM Mtg in WHSR re: CA legislation

EXHIBIT
GPS-77

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Oliver North's Schedule

Monday, August 6, 1984

1000 ADM Dan Murphy

1330 - JSOP re Findings

1500 Richard Krieger
Dick Childress
re: Cubans/Nicaragua

1530 Walt Raymond
Otto Reich
re: Public Diplomacy

7:30 Poker

July 31, 1984

Depart: 1915 Andrews AFB TWC 53
Arrive: 2145 Key West

Depart: 2220 Key West
Arrive: 0200 Panama City

C-130 Aircraft, call sign BANNO 03
Flight Mission #
Seam [redacted]

3350

Oliver North's Schedule

Tuesday, August 7

0900 Terry Douglas
Vincent Onslow
in [illegible]
[redacted]

1300 Senator Hawkins'
Press Conference

1500 RIG Mtg re: [redacted]

Check on Pet [illegible] at [illegible]/
Peruvian side of DOI
Call Rob

[redacted]

OLLIE NORTH'S CALENDAR

JULY 31, 1984

1000 Central American
Task Force meeting
in Operations Center
State

1200 CDR Cameron (CNO
Exec Panel) re SOF

[redacted]

1430 Security Policy Group
meeting

1600 - Andrews AFB

[illegible]

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Oliver North's Schedule

Monday, August 20

1000 COL Alfred Paddock
Plans & Policy (State)
#30 - [redacted]

1530 SRG Mtg PNT Rm 3E1006
[redacted]

1600 Pre-Brief for CNO Game
LCDR Cassidy/Bethea
for Tillman/Burghardt
North OEOB Rm 348

Oliver North's Schedule

Tuesday, August 21

1000 Prof David Hall
NAVWARCOL
(friend of RMK/Linhar
re: Interagency Proces
& Grenada Researc

1500 Funeral Arlington Cm
for Riley

1730 Fawn leaves for the
night

Oliver North's Schedule

Tuesday, August 14

0830 Ed Hickey

1000 Jim Pate [redacted]
(w/Sen. Denton)

[redacted]

pAu81

1930 Doug Olin

Oliver North's Schedule

Wednesday, Aug 15, 1984

1030 Amb Otto Reich

1300 Lunch w/Sol Sanders
at HayAdams-Grill Rm

1500 Ronald Kelly (Panama)

1545 Leave for Helms
Swearing-In at 4:00
Pentagon Rm 3E869

1700 Staff Meeting

1800 Bill Bode
Richard Osborne

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Oliver North's Schedule

Tuesday, Sept 11

0900 Mtg w/Bill Martin [redacted]
re: bilaterals
Rm 368

1230 ~~1000~~ Jeane Kirkpatrick
Duane Clarridge
(here)

1230 - Kirkpatrick 6th flr 6333

1400 IG/T Rm 2236

1400 - [illegible]

1630 [redacted]

1930 Cocktail/Buffet at
[redacted]

er North's Schedule

Tuesday, Sept 11

1000 Terry Douglas
re: Goodpastor
mtg

1100 - [illegible]
Terrorism

[illegible] ?

Oliver North's Schedule

Friday, Sept 7

1000- Senior Advisory Mtg
1130 Hickey/Poindexter
East-West Basement

1130 RIG Mtg Rm 6909
[redacted] pre-IG
Nicaraguan elections

1300 Mary Lawton-Justice
Rm 6325
w/Paul Thompson

1600 RCM w/Amb Lew Tambs

1215 - lunch w/Wilson

1430 - Lawton

1545 - car to W.H.

Oliver North's Schedule

Monday, Sept 10, 1984

1000- Prof Paul Wilkinson
1130 "Int'l Coop & the
Problem of State-
Sponsored-Terrorism"
[redacted]

1215 Lunch w/Rich Miller
1607 New Hampshire
Third Floor
Frank Gomez/Jon Miller

1400 Prof Paul Wilkinson
"Terr in W. Europe"

1530 National Council of
Churches--Roose. Rm
Jackie Tillman
(Non-Mil)

1615 Ollie North (Mil)

1700 RCM Overall + Q&A

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[redacted]

Oliver North's Schedule

Monday, Sept 17, 1984

1030 [redacted]

1200 Amb Reich/Jonathan and Arturo Cruz, Jr. Here (Rm 392)

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Oliver North's Schedule

Thursday, Sept 13

1100 LTCOL Bill Farrell NAVWARCOL

1200 Lunch w/Bob Helm Ester w/Fawn PNT Rm 3E822

1400 RIG Mtg Rm 6909 [redacted]

1500 Clarridge/Michel Rm 6263 re: legislation

1930 Take Fawn's friend fo WH tour THX!!

Oliver North's Schedule

Friday, September 14

1000 John Gunther HQUSMC [redacted]

1045 Bernie McMahon (Cur) JCS-Central America

1130 - Kings [illegible]

1200 Arturo Cruz, Jr. Otto Reich Jonathan Miller

[illegible]

1515 Amb Robert Oakley mtg w/JMP

1945 Fawn leaves

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Oliver North's Schedule

Tuesday, Oct 30

0930 Doug Olin

1530 NSC Mtg on CentAm
Cabinet Room

er North's Schedule

Wednesday, Oct 31

0830 ODSM

0915 [redacted]

0930 Mike Walsh
re: OPG report & ltr

1000 COL Adolfo O. Blandon
GEN Vessey/RCM

1100 RCM/JMP Mtg CentAm

1215 Lunch w/GEN Rice
Pentagon Rm 2C840
Room

1830 Pumpkin Papers
International Club
18th & K Streets
Casey & Silberman

Oliver North's Schedule

Friday, October 26, 1984

0730 ODSM

1000 RCM Mtg w/Rockefeller
re: [redacted]

1045 Prof David Hall
WARCOLLEGE

1130 - ~~Amb~~ Otto Reich
Arturo Cruz, Jr.
Jonathan Miller

1200 - Call Somerset Registration

[redacted]

Oliver North's Schedule

Monday, October 29

1100 Charlie Allen

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Oliver North's Schedule

Thursday, Jan 3, 1985

Weds - 26 Dec: Chang Cho!
1816 Family

Thurs - 29 Dec: Iran Saliba!
1830 Family

Friday - 28 Dec

2:30 - Smith

3:30 - 5:00

[redacted]
Gil Robinson/[redacted]
[redacted]

[redacted]

- [redacted]

- [redacted]

OLLIE NORTH'S CALENDAR
DECEMBER 20, 1984

1400 - Andrew Green

1500 - Thurs Group Meeting
AMB Motley's office
Room 6909

1600 - Geoff Kemp party in
Indian Treaty Room

1630 - [redacted]

WELCOME BACK, OLLIE!

OLLIE NORTH'S CALENDAR
DECEMBER 21, 1984

1000 MAJ Tom Linn of Quant.
re: Low Intensity
Conflict

1130 Vince, Lyle and John
Kaufman

1500 Bob Kimmitt

[redacted]

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[redacted]

[redacted]

Barnaby

Oliver North's Schedule

Monday, Jan 28, 1985

0930 Steven Trevino
Benny Veteto

1100 Dr. William Walsh

1400 Bob Linhard
Terr Research

1430 Bob Reilly
Tillman - Menges
Reich - Miller
"Constitutional & legal aspects of U.S. involvement in CA"

[illegible] - [illegible]
1720 -

Oliver North's Schedule

Thursday, Jan 24

0730 ODSM

0930-1000 William Comee

1000-1100 Jennifer Thomas
Alan Bennett (GAO)
re: Quality Equip to El Salvador: Congress review

1100-1130 Bill Farrell
re: Terr Research

1130-1145 [illegible]

1230 Mike Walsh

1300 Felix I. Rodriguez

1600 WHSR Dave Vario Brief

Oliver North's Schedule

Friday, Jan 25, 1985

0730 ODSM

0830 WHSR
Citizens for America
Lew Lehrman
Reich - Miller
Sanchez - Raymond

1300 Arturo Cruz, Jr.

1400 [redacted]

[illegible] - [illegible]

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Oliver North's Schedule

Tuesday, Feb 12

0915- International Security
1500 Relations Conference
LTCOL Quist
(see letters)

1630 TIWG Mtg in Rm 208
re: TOR

Oliver North's Schedule

Wednesday, Feb 13

CIA Employee [illegible]

0900 [redacted]

1000 [redacted]

1200 Lunch w/Bob Gates
at HQ

1400 Charlie Allen

1530 Carl Boykin GAO Brief
Donald Baiardo
Harry Coffman
Murray Grant/deGraff
"High Assessible Hazardous
Cultures re Terrorism"

Oliver North's Schedule

Friday, Feb 8

0730 - Mtg w/Pres, VP, [illegible] Regan

1215- Lunch w/ADM Moreau
1400

1430 Mtg in Rm 208 w/JMP
re: Lyle Cox's trip
to London

1745 Mtg w/RCM

Oliver North's Schedule

Monday, Feb 11, 1985

1100 Mtg in Chain's office
re: RMTC
Burghardt recommends

1200 Lunch w/Kuykendall
Sam Dickens (ASC)
Jim Denton (Forum)
Lynn Bouchey
Frank Gomez
[redacted]

1430 Craig Johnstone
[redacted]

1530 Maurice Roesch (5 min)

1530 - Mtg w/ Raymond, Reich, [illegible], Gomez

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Oliver North's Schedule

Monday, March 4

0900 Bob Pearson "HELLO"

0930 Miguel Walsh
Willie Griffith
Terrence Douglas

1000 Terrence Douglas

Oliver North's Schedule

Tuesday, March 5

0900 [redacted]

1200 Lunch w/Curt Winsor

2030 CAPT John R. Allen

Oliver North's Schedule

Thursday, Feb 28

0930- Pres Mtg Oval Office
0950 Gorman/Galvin/Vessey/
Weinberger and Aids

1000 Retirement Ceremony
Ron Sable Ward Rm

1030 Nathan Adams

[illegible] - [illegible]

1200 Lunch in WH Mess
deGraff/Don Fortier/
Gary Chase/Bernie
McMahon

1630 CA Brief Rm 450
Congress Interns/Staff
(150 add new spin pls)

1800 - Bermudez call

1900 Fawn leaves

Oliver North's Schedule

Friday, March 1, 1985

0910 Car leaves - Ramp

0930 CIA Hdqtrs Rm [redacted]
[redacted] Vickers
re: HPSCI & Nicaragua

1035 Car leaves - Hdqtrs

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1300 Mtg Rm 6256
Reich/Ball/Fox/Miller

1600 [redacted]
Kuykendall-Abramowitz-
Blair-Dickens-Denton-
Bouchey-Raymond-
Reich-Miller

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Oliver North's Schedule

Wednesday, Mar 27

0930 Dick Wood (CMP) re: terr
Selected Nat'l Sec Issues
Pres's Briefing Book

1100 Adolfo Calero

[redacted]

1200 AAA w/ON

1230- AAA w/Kuykendall (Owen)
1330

1400 Singlaub and Calero

1400 TIWG WHSR

1600 Bye-Bye Diane Dorman Rm 3722

1830 Reception Shoreham Hotel
Faith Whittlesey Roast
Guest of Andy Messing
1930 Dinner (business coat)

Oliver North's Schedule

Friday, March 29

1000 Robert Wood, NAVWARCOL
re: JMP & Global War Game

1100 Jack Abramoff
Grover Norquist
Johnathan Miller

1300 VP Pre-Brief WW

1430 Ex Cmte IG/T Rm 2236

1530 RCM-JMP-GEN John Galvin

1630 Arturo Cruz

2100 Charlie Allen/[redacted]
"Pub in Great Falls"

Oliver North's Schedule

Thursday, March 21

0900- Core Support Brief
1200 Rm 208

1030 Mike Ledeen
[redacted]

1100- JMP Drop-by Rm 208
1115 Core Support Brief

1300 Jack Abramoff

1500 Amb Curt Winsor

1600 Oakley Wrap-up
w/Brits Rm 1205

[illegible]

Oliver North's Schedule

Tuesday, March 26, 1985

0930 Jonathan Miller

0930 Rob Owen

1030 GEN Richard Secord

1130 Elie Krakowski

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1730 Rm 208 Pub Dip re CA
Buchanan-Reilly-Elliott
Reich-Miller-Holwill
Raymond-Burghardt
North-Lehman

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Oliver North's Schedule

Thursday, Apr 4, 1985

0900- RCM with AAA
0930

1000- Lehrman w/AAA WHSR
1030

1030- Pres w/AAA
1100

1120- ON Brief on Pol-Mil
1200 and Human Rights CA
Rm 476 Student Body
Presidents at GT,
GW, AU, UVA

1400 Jorge Mas (here)
Burghardt/Reich

Oliver North's Schedule

Friday, April 5

0730 ODSM WHSR

0800 Task Force Mtg Rm 2

0900 Jorge Mas

1000- HDQTRS CMC (Tickets
1200

1400 JMP WHSR [redacted]

1530 Rm 2236 Oakley
[redacted] & terror:

1730 Buchanan Mtg Rm 208

Oliver North's Schedule

Monday, April 1

1200 - Bill Casey

1230 Johnathan Miller

1315 LSG Regan's Office
Shultz-Weinberger-
Casey-RCM

1500 - [illegible] - Mtg - [illegible] [redacted]

1600 PRG VP OEOB Rm 208

1730 Kuykendall -- AAA Mtg

Call Ted Turner - Re [illegible]
& notes for Charlie
[illegible] [redacted]

Oliver North's Schedule

Tuesday, April 2

0930 Mike Ledeen

1000 Prepare slides Rm 2

1015- RCM-Small-Burghardt-
1200 J. Miller-Brokaw
Rm 208

1100 IG/T Mtg Rm 2236

1230 Dave Quinlan Lunch

1545 Walt Raymond Funeral

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Oliver North's Schedule

Thursday, Apr 11

0830 ODSM
0900 Bill Bode/Nestor Pino
re: USSOUTHCOM and
Schweitzer
0945 - [illegible]
1030 Carib Task Force Mtg
Galvin guest speaker

1145 Dan Mudd

1215 Lunch w/Amb McCormack

1530 Mtg w/Kuykendall
[redacted]

1645 John Stenbit (TRW)

[illegible]

Oliver North's Schedule

Monday, April 8, 1985

0830 ODSM WHSR

0900 Fortier Mtg Rm 208
Nic Task Force

1000 Sol Sanders

1100 Rob Owen

1215 Lunch w/Tim Brown
Old Ebbitt Grill

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by [illegible] National Security Council

1545 American Enterprise
Inst. for Pub Dip
Menges speaks
[redacted]

Oliver North's Schedul

Monday, April 15

0930- RR w/Pres Monge
0945 Oval Office

1400 Cabinet Mtg on
Budget/Nicaragua

1430 [redacted]

1515- RCM Speaks NRF "Tea
1530

1530- VP Speaks NRF "Tea"
1540

1930 NRF Dinner
JW mariott

Oliver North's Schedul

Tuesday, Apr 9

0830 ODSM WHSR
[illegible] [illegible]
0930 Secure PHONECON
Fortier/Moreau/
Michel/Reich/Nort

1000 Amb Richard McCor
(replaced Amb
Middendorf)

1030 Rob Owen

1400 - Sava Stepanovitch
Sven Kraemer
[illegible] - [illegible]
1700 NSC Staff Mtg
1800 -
1900 - [illegible]

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er North's Schedule

Wednesday, Jun 5

0730 ODSM

1030 OEOB VP Pre-Brief

1200 Lunch [redacted]
Rich Miller/Frank Gomez
Johnathan/Otto

1700 NSC Staff Mtg

Oliver North's Schedule

Thursday, June 6

1000 Fortier Meeting

1030 [redacted]

1200 Lunch w/Terry Dougl

1530 ON Speech on Terror
to Monroe Comm Coll
Rm 474 (for Gaston

1800 Retirement Merrill
Kelly (Cameron St
Buffett ($13.00)

Oliver North's Schedule

Monday, June 3

0900 - [illegible]

1000 [redacted]

1300 William Bodie
Carl Jenkins

[illegible]

1800- Republican Nat'l Cmte
PM Herbert Blaize
(Grenada)
Ritz-Carlton PotomacRm

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Oliver North's Schedule

Tuesday, June 4

0900 Bill Bodie
Carl Jenkins

0930 Kevin Latham (CMF)

1030 Ken deGraff Rm 30
Charlie Allen
Vince Cannistraro
re: terrorism

1345- OPM Dupont Plaza H
1430 Circle Rm
ON on Cent Am
Dr. James Van Dien

1600 Dr. Beal Dedicatio
Rm 208

1900- Congress Reception
Longworth HOB
Cafeteria
(over)

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22 Week Beginning July

1985

[illegible] with VP B.D. [illegible]

	MONDAY, JULY 22 203	TUESDAY, JULY 23 204	WEDNESDAY, JULY 24
7			
7 15			
7 30			
7 45			
8			
8 15			
8 30			
8 45			
9	Amb Harry Bergold		
9 15	Nicnia [redacted]		
9 30			Jack [illegible]
9 45			[redacted]
10	- 1130 [illegible] Conf	[illegible] re A.I.E.	
10 15	[redacted]	[illegible] Abrams	
10 30		[redacted] Michel	[illegible]
10 45	[illegible]	[illegible] [redacted]	[illegible]
11			[illegible]
11 15			[illegible]
11 30	[illegible]		
11 45	8th Fl [illegible]		
12	[illegible]		[illegible]
12 15	[illegible] [redacted]		[illegible]
12 30			[illegible]
12 45			[illegible]
1		[illegible]	
1 15		[illegible]	
1 30	Congress [illegible] Rm 298	[illegible]	
1 45	Prep for VP [illegible]	S[illegible] 2:05	[illegible]
2	[illegible] Den.	[redacted]	[illegible]
2 15	[illegible] 2333		
2 30	— RIG/State	Ken [illegible]	
2 45		[illegible]	
3	Otto Reich		
3 15			
3 30			
3 45			
4	Benjamin [illegible]	[illegible]	
4 15	8th Floor (Israel)		
4 30	~~[illegible]~~ Pickering		[illegible]
4 45			
5			
5 15		Ken deGraff	
5 30		[redacted]	Sen Armstrong
5 45			Rm [illegible] Hart Bldg
6			[redacted]
6 15			Jim [illegible]
6 30	GEN Gordon Sumner		
6 45	[illegible] Richard Lawrence		
7	[redacted]		
7 15			
7 30			
7 45			

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26 Week Beginning August

1985

	MONDAY, AUGUST 26 238	TUESDAY, AUGUST 27 239	WEDNESDAY, AUGUST 28
7			
7:15	[illegible]	[illegible]	
7:30	[illegible]		
7:45	[illegible]	[illegible] to	
8	[illegible]	~~[illegible]~~	
8:15		(Transfer to [illegible]	
8:30		to De.)	[illegible]
8:45			
9		~~[illegible]~~	
9:15		~~[illegible]~~	
9:30			[illegible]
9:45	[illegible]		[redacted]
10	SGT [illegible]		Jonathan M
10:15	[redacted]		Otto Reich
10:30			
10:45			
11			[illegible]
11:15			
11:30			[illegible]
11:45		[illegible]	[illegible]
12		[illegible]	
12:15			
12:30			[illegible]
12:45			[illegible]
1		[illegible]	[illegible]
1:15		Steve Barry	[illegible]
1:30		[illegible]	
1:45			[illegible]
2	[illegible] org.		Roy Godson
2:15	[illegible]		[redacted]
2:30	Dr. [illegible]		
2:45	[illegible] [redacted]		
3			Terry [illegible]
3:15			
3:30			[illegible]
3:45			
4			
4:15		[illegible]	
4:30		[illegible]	
4:45		Ray Burghardt	
5	[illegible]		Jean Hickie
5:15	[illegible] Council		
5:30			
5:45			
6			
6:15			
6:30		3364	
6:45			
7			
7:15			
7:30			
7:45			

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3365

10 Aug 87

Oliver North's Schedule

Thursday, Oct 31

0730 ODSM WHSR

"DORNIN PUMPKIN CARVING"

1200 WHSR RCM w/Sen Intell
Hamilton/Stump/Cheney/
McCurdy/Durenberger/Bentsen/
Leahy/Hatch

1400- Four Seasons Hotel
1500 Smithsonian Room
Richard Strauss re ME & terr
Peter Rodman/Jim Placke/RobHunter

1600 Farewell Gene Douglass
Rm 7526

1700 David Halevy (15 min)

~~[illegible] Leave for [illegible]~~

Oliver North's Schedule

Friday, Nov 1

0730 ODSM WHSR

0740 (car)
0800 Lee Hamilton Mtg
Rayburn Bldg Rm 2157
w/Abrams and [redacted]
0900 (car)

0930 Kevin Latham

1000 COL Rosales (pickup ltr only)
1000 Donley-Lunger re RCM
1200 Drop-by for WHSR
people party for
DIA-State "workerbees"
re ACHILLE LAURO

1230 "RUN" w/Bob Earl (?)

1400 RIG Rm 6263

1500 3 B's Mtg (?)

Oliver North's Schedule

Tuesday, Oct 29

0730 ODSM WHSR

0830 Rob Owen/Chris Arcos

0930 Fortier-Michel-[redacted]
Sable-Fox re Nic Legis.

1100 John Douglass re NSDD

1130 "RUN" w/Bob Earl

1315 Andy Messing
1430 [illegible]
1500 [redacted]

1600 Happy B.D. John Grimes
Rm 370

1700 - Mtg w/ Cong. Crawford

1900 EASCON - Tom Weathers
"The Dream is Alive"
Air & Space

Oliver North's Schedule

Wednesday, Oct 30, 1985

1000- ON Brief on CA Rm 176
1030 New Nat'l Ldrship of
American Legion
(Linas Kojelis/OPL)

1100 IG/T Rm 2236 State

1230 Lunch at HAGR w/Motley
Moreau-Clarridge

1400- Mtg w/Cong Dan Burton
1500 (R-IN) Cannon Rm 120
re Nic resist & terr

1530- Raymond Pub Dip Mtg
1630 w/Reich

1700 NSC Staff Mtg Rm 208

1800 Ledeen & RCM

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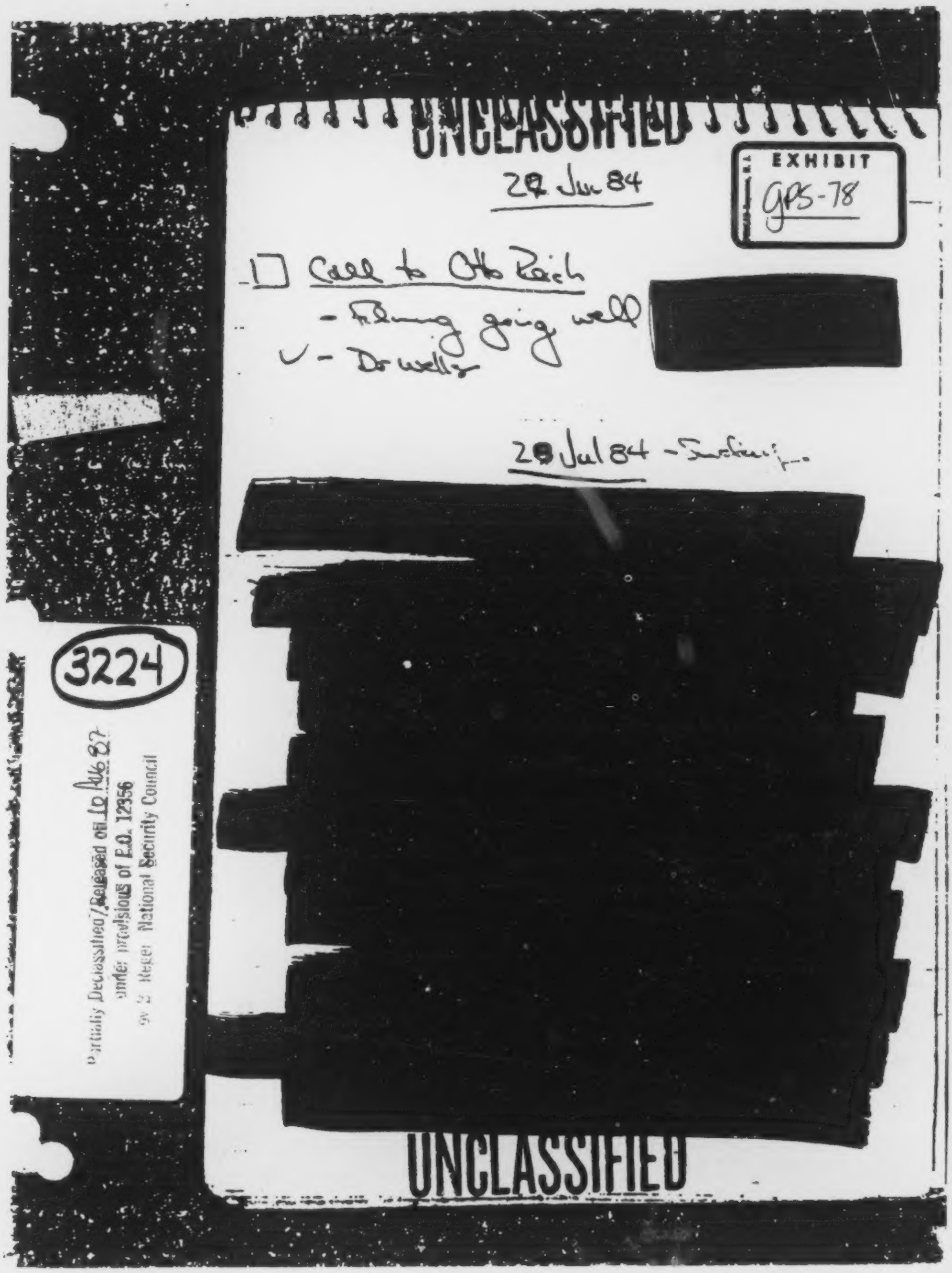
EXHIBIT GPS–78



UNCLASSIFIED

EXHIBIT
GPS-78

2[illegible] Jun 84

☐ Call to Otto Reich
- Filming going well

✓ - Dr wells

[redacted]

2[illegible] Jul 84 - Surfacing...

[redacted]

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3224

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by B. Reger National Security Council

UNCLASSIFIED

7-18-19 Aug. - Dave

Dallas Signal - [redacted]

20 Aug

- Otto Reich - Sea Transport next week

[redacted] - Technical question

> [redacted] Mr. Moreira, Jr.

20 Aug

Wean
Towe
Dickinson

Call Back to Sanchez.

[redacted]

Call to Nestor Sanchez

Gen [illegible] Brief: Sep 5

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3225

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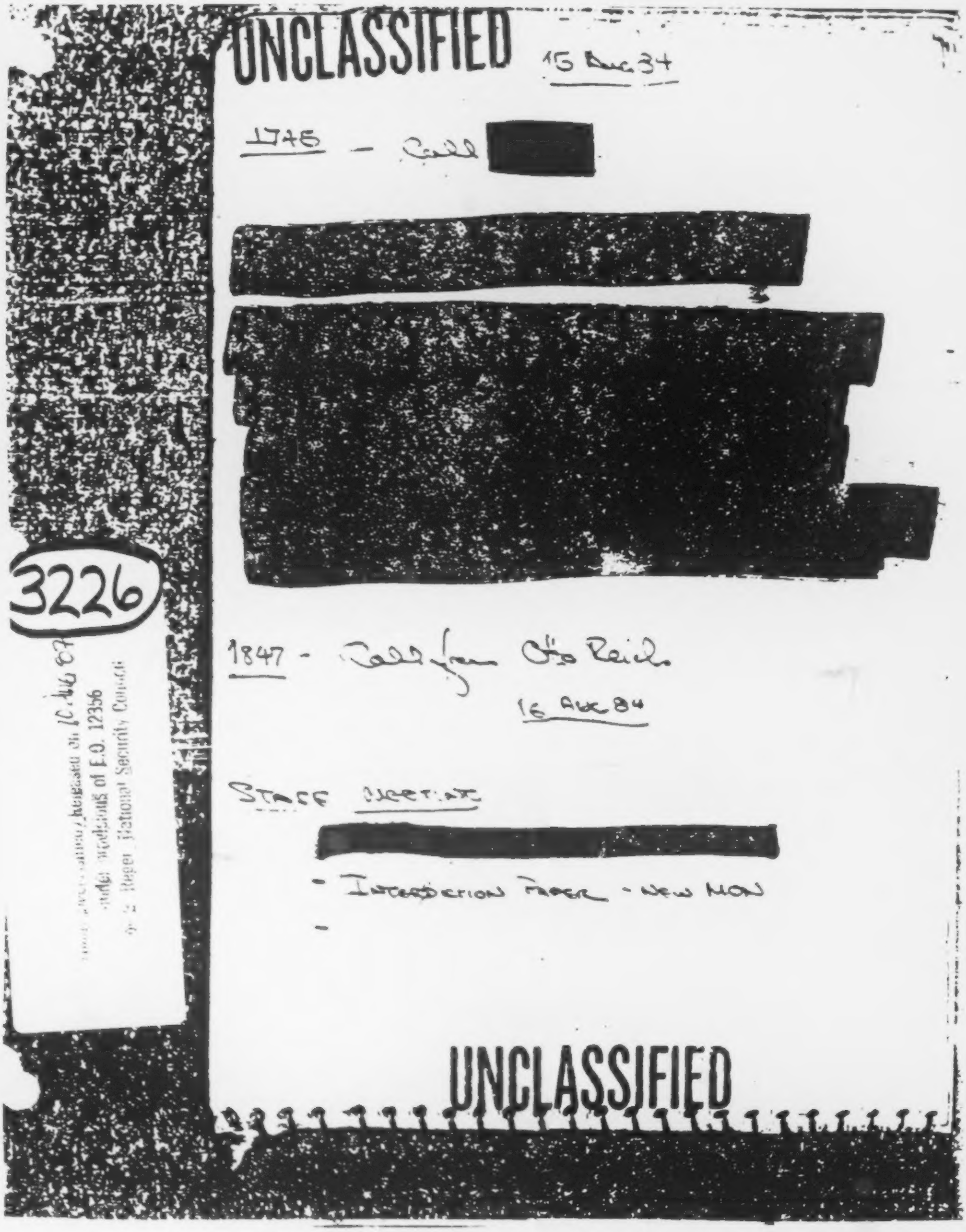

UNCLASSIFIED 15 Aug 84

1745 - Call [redacted]

[redacted]

[redacted]

1847 - Call from Otto Reich

16 Aug 84

Staff Meeting

[redacted]

- Interdiction Paper - New Mon
-

UNCLASSIFIED

3226

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by B. Reger, National Security Council

UNCLASSIFIED 8 Aug 84

☐ Tom Blough - Sen. Nagiulian
[redacted] - Walter portglia on
Punta Huete
[redacted] -
TOM BLOUGH FOR
MOYNIHAN - PHOTOS.

☒ Call Back Otto Reich [redacted]
- NBC / CBS - want for morning talk show
- Gorman / Pickering went well
- [redacted]

☐ Call back to Clair George
[redacted]

☐ [redacted] - Georgetown MARBERRY House
- Tel. [redacted]

Jacobowitz, Daniel O.

[illegible] released on 10 AUG 87
[illegible] of E.O. 12356
[illegible] National Security Council

3227

UNCLASSIFIED

UNCLASSIFIED

26 Aug 84

(1) ✓ Call from Rob Owen - [redacted]
John Hull. Des. Issue.
- Otto Reich
- Casey Re Ceremony
- Lehrman, Heritage, Freedom House
-

(1) ✓ Call from Dewey C.
(1) John Hull] Names
Bruce Kran]
✓ (2) Otto - No copies of Greenbook in distribution
(3) NSPG Agenda - L-39 Item
- After IG/SIG - Calls to [illegible]
- Fact paper
-

[redacted]

[illegible] Released on 10 Aug 87
[illegible] 12356
[illegible]

3228

UNCLASSIFIED

UNCLASSIFIED 31 Aug

1210 - • Operation

- Secord
- Bob Brown at Conference
- Frank Gomez (Jon Miller)
- Contract w/ Owen
  - •
  - • Norwin's People meet - 2:30 at Key Br. Marriott - 2:45
- John Hull in Miami
-

Mtg w/ A.C.

- Rep

- Armored Vest for A/C
  - MORTARS
  - M-79
  - RPG-7
  - 57mm RR - Rounds + more weapons.
- Hand Grenades [redacted]
-

3229

[illegible] 10 Aug 87
[illegible] 12356
[illegible]

UNCLASSIFIED

UNCLASSIFI [redacted]

AGENDA

- Boats
- Bosco
- Supt. FDN Operation
- Public Affairs
- ~~[illegible]~~ Asst. to A/C for Ops/Log. Arrangements
- Accounting.

& Bring Flak jacket.

Johnathan [redacted]

Frank Gomez [redacted]

meet A/C at hangar

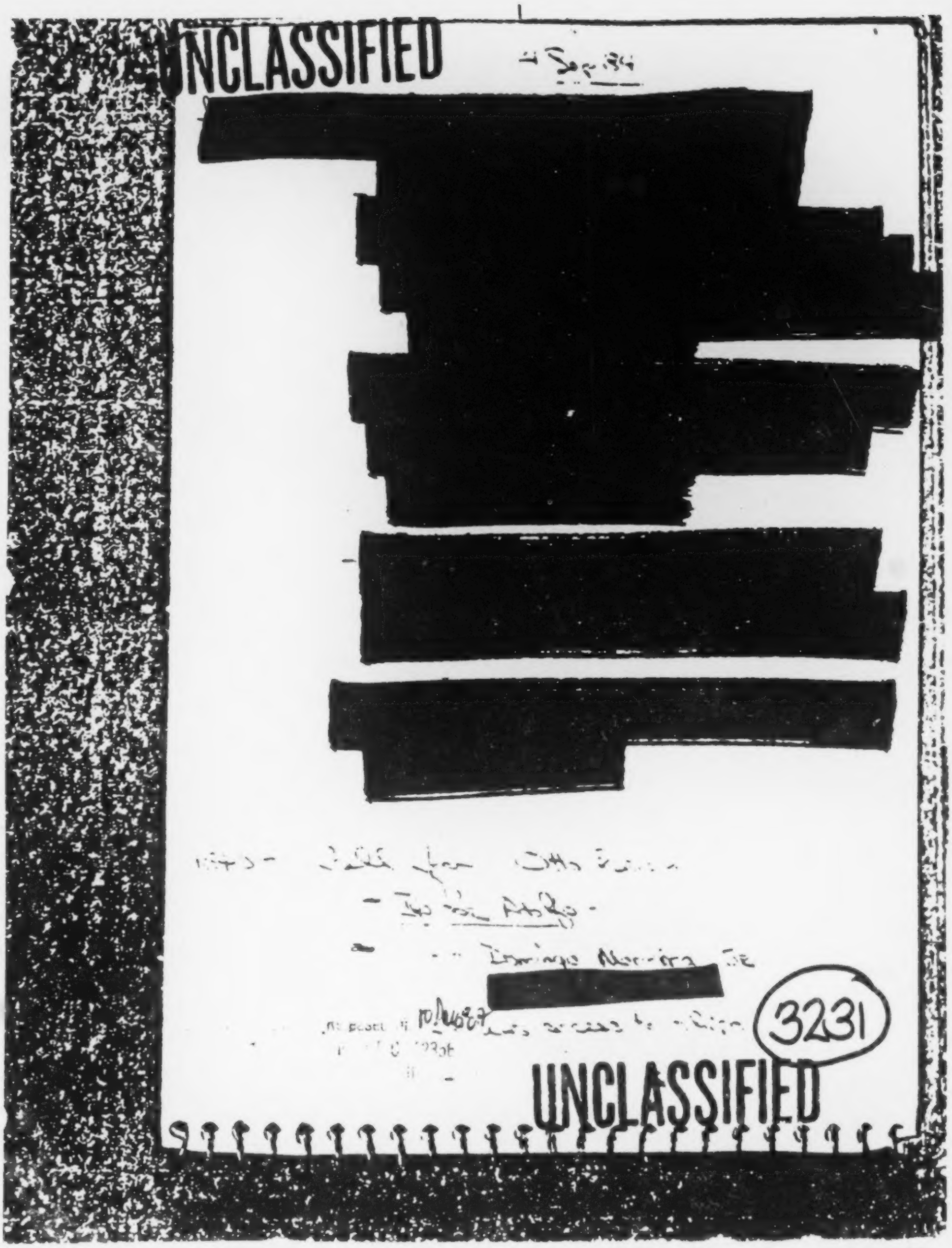
Freedom [illegible] [redacted]

Credit from A/C.

★ CALL STIRLING RE REGISTRATION IN C.R. FOR A/C.

10 Aug 87

3230 UNCLASSIFIED — Las Vegas



UNCLASSIFIED

4 Sep 84

[redacted]

[redacted]

[redacted]

[illegible] - [illegible] [illegible] [illegible]

- [illegible] [illegible] [illegible] -

- - Domingo Noriega [illegible]

[redacted]

[illegible] 10 Aug 87 [illegible]

3231

UNCLASSIFIED

UNCLASSIFIED 11 Sep 84

1330 - Call from John Miller
- Newsweek article on CMA
- Newsweek piece on San Jose people
  - [illegible] at CIA
  - Owen setting up operation w/ Sen Simms
  - Ralph McGehee - Freeman report claims

[illegible] Aug 87
[illegible]

3232

UNCLASSIFIED

UNCLASSIFIED 12 Sep 84

[redacted]

1445 - Call from Jon Miller
- Sandinistas have accepted all coordinadora conditions
- Cruz' conditions have been satisfied
- [redacted] called Arturo Cruz
  - (in Salvador for Coordinadora mtg ended)
  - all demands have been met
  - Freedom of Press / Speech / Assembly } + Two postponement
- Arturo has promised that he won't register unless

10 Mar 87
12356

3233

UNCLASSIFIED

UNCLASSIFIED

27 Sep

0920 - Mtg w/ Pres [redacted] w/
Pres, Meese, Draper, Oakley, RCM,
Regan, Poindexter, North.

[redacted]

1015 - Call from Jon Miller Re Ortega visit
- Sep 29 or 30 to 4 Oct - N.Y.
- Oct 4-7 L.A.

1105 DeGraff (SSCI) Rob Simmons - [redacted] (Rose)
Stewart told Miami Herald that
he is willing to compromise
on "[illegible]" language

UNCLASSIFIED

3234

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under provisions of E.O. 12356
by B. Reger, National Security Council

UNCLASSIFIED 2 Oct

[redacted]

1200 - Call from Otto Reich Re Brooklyn Rivera
- Indian Convention on Atlantic coast
- No money
- with Wiggins - Miskito Rep here in D.C.
- Talked w/ Senator Kennedy
- Message re Resistance
- can't hold out much longer
- talked to Arturo Cruz -

[redacted]

says he gets no money

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3235

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by [illegible] National Security Council

UNCLASSIFIED

2 Oct 84

Reich call (cont'd)

- Met w/ Fagoth in [redacted]
- [redacted] getting $120K
- He is aware that he has been branded as a traitor by
- Eden Pastora meeting w/
  - [redacted]
  - Ortegas vs

3236

Released on 10 Aug 87
under provisions of E.O. 12356
National Security Council

1300 — Call from Craig Johnstone

- Working on Nic Resistance funding
- Brooklyn Rivera

[redacted]

[redacted]

UNCLASSIFIED

UNCLASSIFIED

10 Nov

—1100— Monday

1230 - Call from ~~[illegible]~~ Clarridge:

- keep mouth shut
- never mention North
- ★ - Advertise UNO.
- Heavy guys raising questions
- being worked on by prog.

longer any

- There is no. 1 guy inside ~~who~~ directed

- Rec: Get Gomez to call Calero
get an add out ASAP.

—1800— Called brother, told him
to contact Frank Gomez, have
Gomez contact A.C. → take
out major fund raising ad.

1900 _ JMP call Re [redacted]

3237

UNCLASSIFIED

Released 10 Aug 87
E.O. 12356

UNCLASSIFIED 8 JAN 85

☑ MORNING STAFF MTG:

- REICH/MENGES/RAYMOND - EXPOSE ON [illegible]
  - [illegible]/USIA PAPER ON RESISTANCE - SCARE HARDWARE

[redacted]

- CALL TO MOTLEY RE

[redacted]

RELEASED ON 16 AUG 87
[illegible]

3238

[redacted]

UNCLASSIFIED

UNCLASSIFIED

29 Jan 85

[redacted]

[redacted]

☑ Call from Rich Miller Re Press Conf w/
~~[illegible]~~, Brooklyn - Iowa

[illegible] Aug 87

[redacted]

3239

UNCLASSIFIED

UNCLASSIFIED 29 Jan 85

[redacted]

[redacted]

☐ Mtg w/ Bill Wolfe

[illegible] 10 Aug 87
[illegible] 0 2356

☐ Call from John Miller
[redacted] Govt. must go "on record"

UNCLASSIFIED 3240

UNCLASSIFIED 1 Feb 85

☐ Call from Rich Miller $25K

- Warren Hendricks - [redacted]
- Clement Stone
- Jimmy Lyons -

Bainbury

- Institute on North/South Issues
501 c(3)

☐ Mrs Diana Morrison - [redacted]

2 Feb 85

☐ Return call to Dr. Geary - [redacted]

☐ Return call to Frank Gomez - [redacted]

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under provisions of E.O. 12356
by [illegible] National Security Council

3241

UNCLASSIFIED

UNCLASSIFIED +7/8393

1300 - Frank Gomez

- Still drafting statement of principles
- Need to ensure [redacted] is "on board"
- Urbina case is problem
- Late Feb is most likely
  - Calero — Pedro Joaquin Chamorro
  - Cruz, Sr.
  - Robelo
  - Guzman
  - Bolaños
  - Lucia Cardenal
  - Marco Zeledon

[redacted]

- Lynn Bouchey + Singlaub
  - Fundraiser at Viscount Hotel for [illegible]
  - Lots of old [illegible] types attending
  - 'Council on Inter-Amer. Security'

2.

1330 - Jon Miller
- Going to [redacted] on Wednes.
- Chris Arcos is in agreement

3242

13 Aug 87 E.O. 12356

UNCLASSIFIED

UNCLASSIFIED 4 FEB

Talked w/ Jeff Smith (Dennis' [illegible])
- Moderate Dems want to be helpful
- Bentsen / Leahy
-

1200 - Rich Miller -
- Call - Jimmy Young
- SECRETARY FOR FDN OFFICE

☐ Calligan Cong Ofc - 5302/4
Dr [illegible] - wants to know

3243

UNCLASSIFIED

[illegible] Declassified on [illegible] Aug 87
[illegible] of E.O. 12356
[illegible] National Security Council

UNCLASSIFIED 5 Feb 85

- ☐ Mtg w/ Dan Kuykendall
  - 15 groups on Cent Am - coalition
  - meet weekly at PSI
  - Subcommittees established
  -
  - Lew Lehrman
  - Work on "undecided" voters w/ the administration
  - Sam Dickens - Chairman [redacted]
  - Lynn Bouchey
  -
  - Nat - Forum Foundation
  - Frank Gomez
  - Chris Manion

[redacted]

- Ft. Worth mtg. (Texas cattle breeders assn)
- Jim Clement/John Armstrong - King Ranch
  - Disinformation

3244

UNCLASSIFIED

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UNCLASSIFIED 11 Feb 85

- Payback for [redacted] + cover thru April - 100K

[redacted]

☐ ~~M~~Meeting w/ Otto, Jonathan, Frank G., Walt Raymond.
- Apr 2 for NRF Fund Raiser
- New Board: Louis Aguilar
  Woody Jenkins
  DuPont
  Moira Lear?

[redacted]

- Call from McWethy -
  - 2 Congressmen claim twice as many advisors ~~as~~ as advertised in
  - Hatfield, Leach, Geo. Miller charges:
    - Indiscriminate bombing
    - more than 55 advisors
    - Lied about ammo shortages

3245

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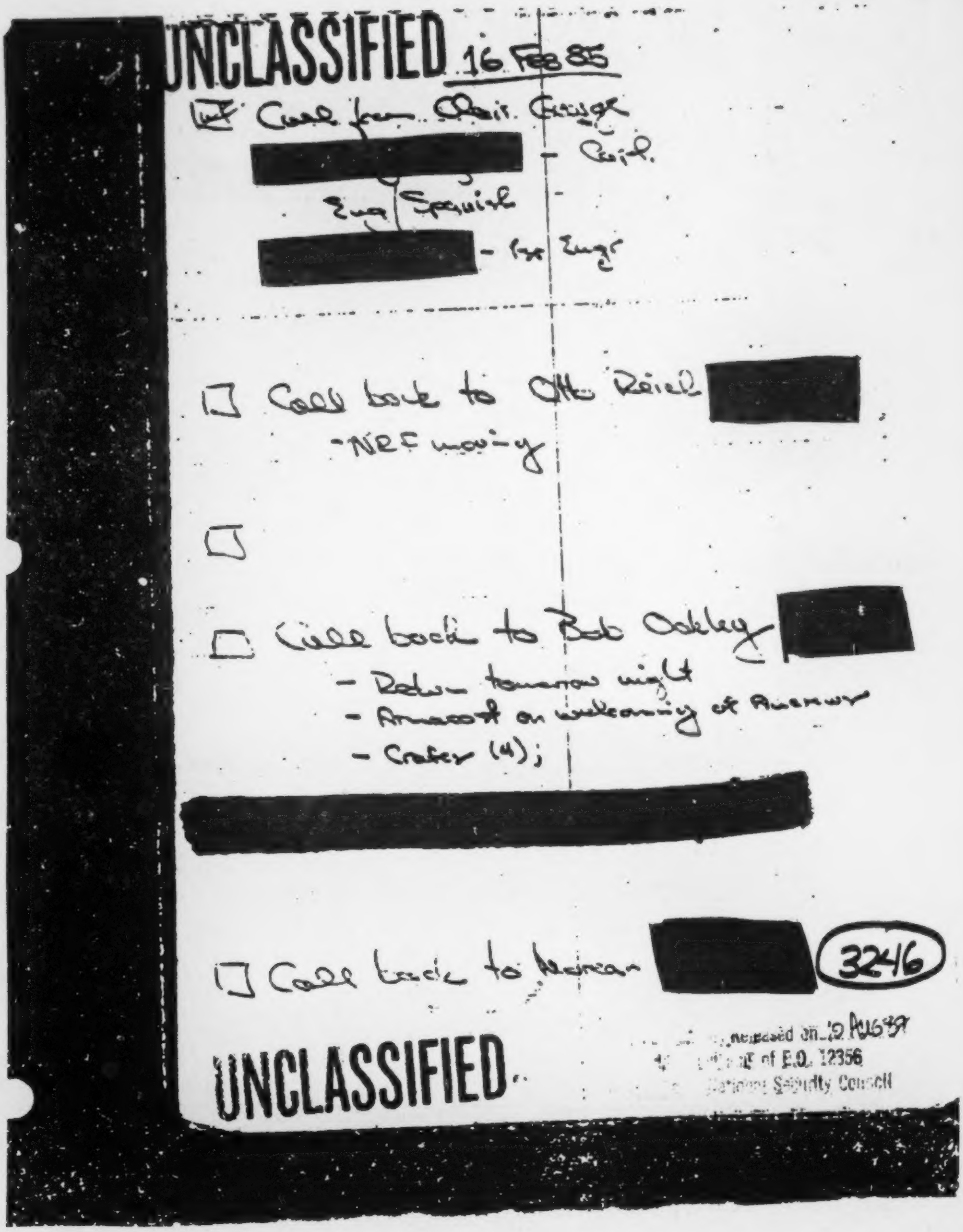

UNCLASSIFIED 16 Feb 85

☑ Call from Chris. Greger
[redacted] - Capt.
Eng Spanish
[redacted] - Exp Engr

☐ Call back to Otto Reich [redacted]
- NRF moving

☐

☐ Call back to Bob Oakley [redacted]
- Return tomorrow night
- Armacost on welcoming of Ambassador
- Crafer (4);

[redacted]

☐ Call back to Norman [redacted] (3246)

UNCLASSIFIED

Released on 19 AUG 87
of E.O. 12356
National Security Council

UNCLASSIFIED 20 Feb 86

☐ Call fm. Clair
- Steel + [redacted]
- Small Arms/Ammo -
- Told not to fill order
- Want to have a complete english translation, only photo copy

☐

☑ Call from Jon Miller

[redacted] - N.Y.
-
Carl. Bondette
Grand Co - Corpus
- Virgin Island

Leaving on 24 for Nicaragua
> Ref 1 Week

[illegible] Released on 10 Aug 87
[illegible] 12356

[redacted]

3247

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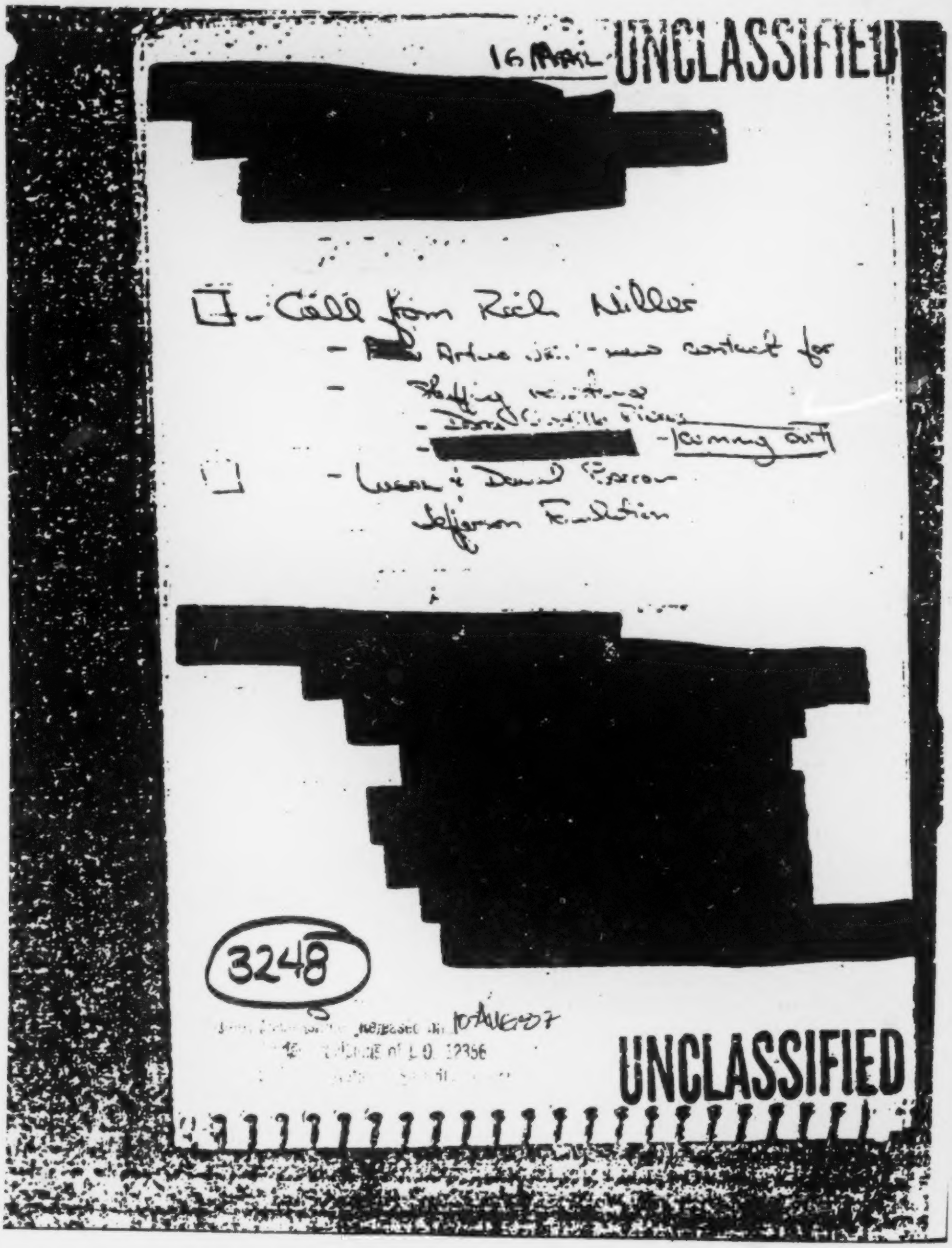

16 April UNCLASSIFIED

[redacted]

☐ - Call from Rich Miller
- [redacted] Arturo Jr. - new contact for
- staffing [illegible]
  - [illegible] [illegible] Flores
  - [redacted] - coming out

☐ - Lucas & David [illegible]
  Jefferson Foundation

[redacted]

3248

[illegible] Released on 10 AUG 87
[illegible] of E.O. 12356

UNCLASSIFIED

UNCLASSIFIED

18 Nov 85

☐ Mtg w/ Jon Miller/Rob Owen
- Mtgs w/ Bosco, Menges, Marion, Riley

☐ Cancel mtg w/ Buchanan

★ - Calero press conference - Tues
0900 - For Affairs Soc. - Carnegie
- List of good things done by Gate/Rich

★ ☐ - Bosco arranging mtg w/
- Hamilton
- Alexander
- Durenberger
- Lugar

} Should be AAB not A.C. alone.

★ ☐ Hooks - CMA
- Flaco Jack Terrell
- Larry Spivey

} STAY AWAY

1345

☐ Gates/Gorman briefing
- LtCol Angle [redacted]
- ForRel Hearing
- Who said what to who on [redacted] /Wie connection
- Gates 1/2 hr testimony foll by 45 min Q&A
HPSC - budget foll by [redacted]
- wrapup

! 4 wall Estimates
① Wie intent on M/L Dayne
② for Ortega reliant on Soviet arms
③ threat to export

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3249

26 MAR

UNCLASSIFIED

☐ Call from Fred Ikle

☐ Mtg w/ Owen & Miller

- Weds mtg: 12:00 w/ Both
  - -- 12:30 @ [redacted]
    Abb; Kuykendall, Gomez, Miller, [illegible]
- Hotel Suite:
  Rob - Call Kuykendall
- Walt Raymond ~~to [illegible]~~
  - -- Call Penn Cen
  - -- Finding for [redacted]

[redacted]

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under provisions of E.O. 12356
by [illegible], National Security Council

3250

[redacted]

UNCLASSIFIED

29 Apr

UNCLASSIFIED

☐ Call from Rich

Kuykendall called re. call from Livingston.

Regula - (R-Ohio) (16th)

Bracket ran insulting ad in Holmes, Stark, Wayne counties

'Radio ads'

"Would stay in hell if he voted for contra aid--- end of game"

☐ Mtg w/ Bob Woosen

[redacted]

o Nic Conference

• Michael Clark - 5013 •

3251

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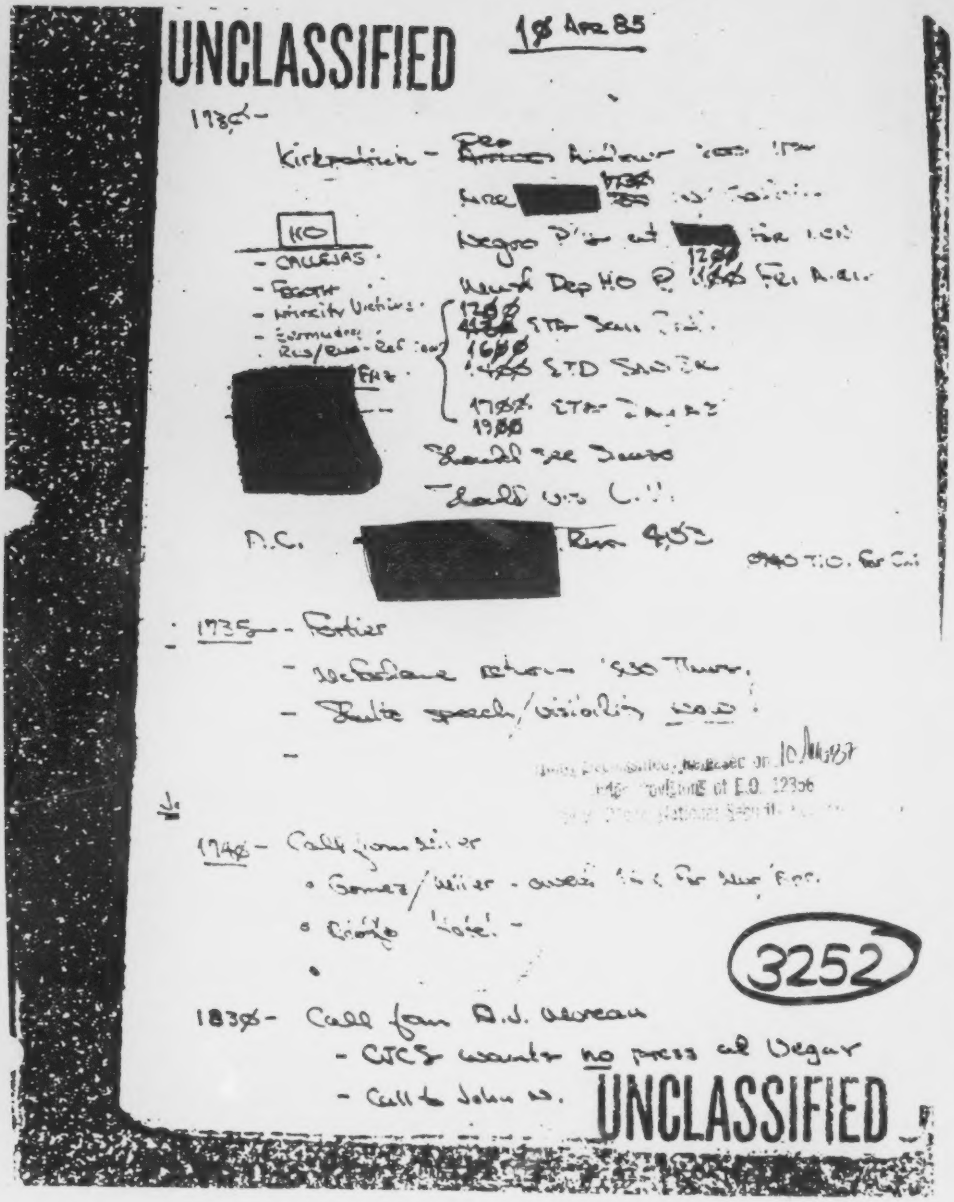

UNCLASSIFIED 10 Apr 85

1730 -

Kirkpatrick - Dep ~~[illegible]~~ [illegible]

Arr [redacted] 1730 [illegible]

Negro P's at [redacted] for [illegible]

HO

- CALLEJAS
- Booth
- Minority Victims
- Ermudez
- Rus/Rum - Ref [illegible]

[redacted]

Meet Dep HO @ 1200 Fri A.M.

1200 ETA [illegible]

1600 ETD [illegible]

1700 ETA [illegible]
1900

Should see [illegible]

Should [illegible] C.!!

R.C. [redacted] Rm 4,5?

0940 T.O. for [illegible]

1735 - Fortier

- McFarlane return 930 Thurs.
- [illegible] speech/visibility [illegible]
-

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under provisions of E.O. 12356
by [illegible] National Security Council

1740 - Call from [illegible]

- Gomez/[illegible] - [illegible] for [illegible]
- [illegible] [illegible]
-

3252

1830 - Call from D.J. [illegible]

- CJCS wants no press at Vegas
- Call to John [illegible]

UNCLASSIFIED

13 Apr UNCLASSIFIED

1300 - Disc. w/ Rich Miller
- Borge - [redacted]
- Jon Ferdinand

[redacted]

Bosco [redacted]

1430 - Disc. w/ Adolfo
- No mtg w/ Pastora!
- Kirk, mtg w/ Enrique
- 1 Hill fm
- Hore

[illegible] released on 10 Aug 87
under provisions of E.O. 12356
[illegible] National Security [illegible]

American killed in Nic
Nic. Min Def announcement/communique (3253)
Patterson, Roger [redacted]
[redacted]
Bajo.
Nto in Matagalpa
SECRATE ->

Maj Smaltzer
Medically Retired as E-4
Truck Driver
64C [illegible]

UNCLASSIFIED

UNCLASSIFIED 16 Apr 86

1700 Call from Bob Oakes
- Senate Defense Sub Com
- Approps Committee
- Not seen anything in black & white
- Dyer & Sullivan
  - Byrd concerned that Senators who are opposed that their is another Tonkin Gulf Resolution

Sullivan talking to Carlson of suggested Presidential ltr. to Cong.

17

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2100 - Return call to Rich Miller

3254

2200 - Rich Miller Re: [redacted]

UNCLASSIFIED

17 Apr

0800 - Call from Chris Lehman [redacted]
Kerr, Vickers, Helgeson

1100 - Strat Session Kuykendall, Miller, Miller
Owen,
- Hill Sessions for ~~[illegible]~~
- Monday press conf for ~~[illegible]~~
- ~~[illegible]~~ Op Ed (signed by all 3)
- O'Leary piece/or
- Protest at Nic Embassy
Morton Blackwell

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under provisions of E.O. 12356
by [illegible] National Security Council

1500 - Mtg w/ Adolfo -
- Break solid front -
- ✓ Call [redacted]
- ~~Draft Resolution from Richard~~
- ✓ Call [illegible] for WJLA
- ✓ Congressmen who have visited [redacted]
- Money
- Military deliveries
- ✓ Brooklyn Rivera
- ✓ 2000 @ Henley Park Hotel 926 Mass Ave. (10th St)

3255

UNCLASSIFIED

UNCLASSIFIED 29 Apr

1900- Mtg w/ Rich Ae.

- Prince was passing info on Iran to Howard Teicher through Interpreter
- Interpreter got out of line
- Working on Green Card Status w/ Atty in Fresno: Steve Samonian
- Working w/ Art Petrino (INS) New York
- Wife ~~was~~ is daughter of Iranian General executed by Khomeini
- Samonian said he wd. need $20K to bribe people.
- Petrino - contacted Asst. U.S. Atty in Fresno Moffett. Told Prince that he wd. be arrested if he pursued bribe.
- Prince's Calif. Atty learned that Samonian, Moffett et al used to be in law practice together.

[redacted]

UNCLASSIFIED

3256

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UNCLASSIFIED

7 Nov 85

1900 - Call from Dan Kuykendall
- From Campbell/Denise
- 7 Part plan from Rebels involving firing Bermudez.

1910 Mtg w/ Dick Krieger
- Avi Chasner, Uri Dan
- Rafi Eitan
- Met w/ Krieger on 22nd in Jerusalem
- Rafi: said that the Administration had ~~said~~ told Israeli Govt. to stay away from Nic Arms.
- "Brought in money"
- Rafi: -

[redacted] Declassified/Released on 10 AUG 87 under provisions of E.O. 12356 by National Security Council

1920 - Call from Rich

3257

UNCLASSIFIED

UNCLASSIFIED 29 May 85

2030 - Call from Rich Miller

- [illegible], [illegible], [illegible] (w/ 3 AA), etc

- Include Scotch legis. incl [illegible]

- Resolution [illegible]

- Barnes proposal as an alternative

- HAA could help;

Got 3 out of 12

- Mtg w/ Mrs. Washington

-

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by B. Reger, National Security Council

3258

1900

Call from Clair George

1.5 hr. from [illegible] hotel...

[redacted]

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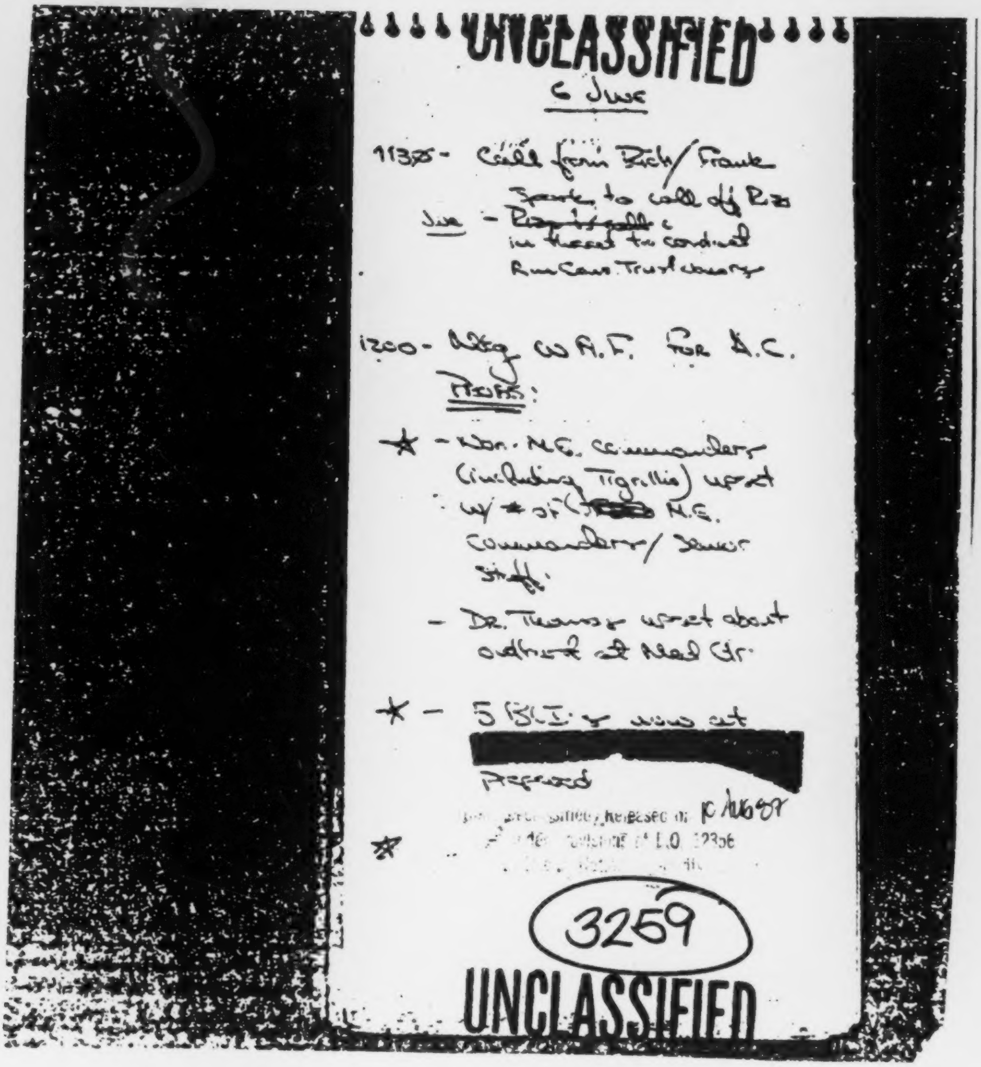

UNCLASSIFIED

6 June

1130 - Call from Rich / Frank
Frank to call off Raz
Jim - ~~[illegible]~~ c
in threat to conduct
Run Cam. Trustees

1200 - Mtg w/ A.F. for A.C.
Probs:

★ - Non - N.E. commanders
(including Tigrillo) upset
w/ # of ([illegible] N.E.
commanders/ Senior
Staff.

- Dr. Thomas upset about
outbreak at Med Ctr.

★ - 5 BLI's now at
[redacted]
prepared

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under provisions of E.O. 12356
[illegible]

★

3259

UNCLASSIFIED

UNCLASSIFIED .23

1030 Call fm Dewey Re Glott

- worked for [illegible]
- nothing specific
- buys weaps for Omanis & South Africans

[redacted]

- Involved w/ ~~[illegible] Glott~~

1530 - Calls fm Rich Miller [redacted]

8260

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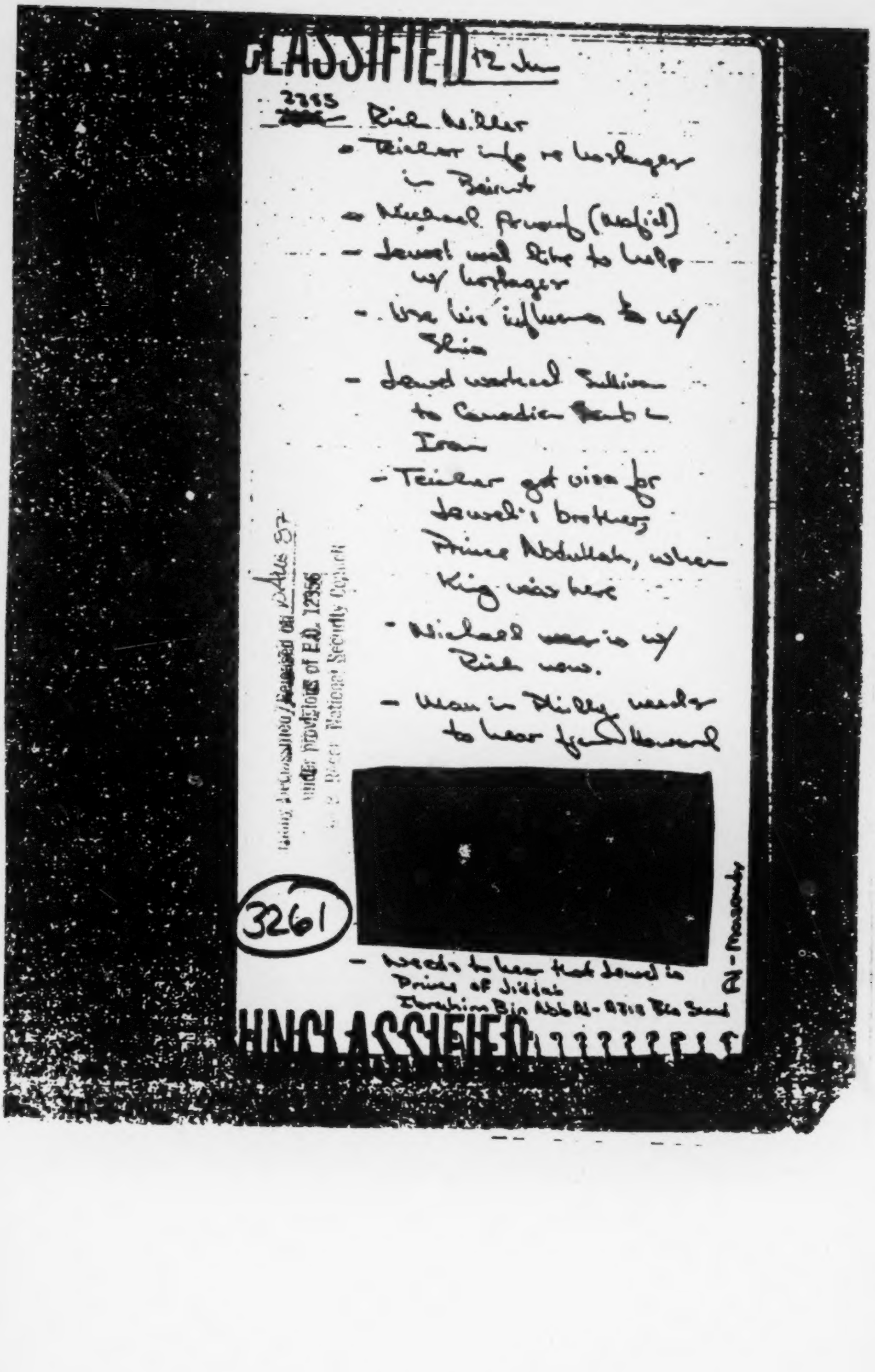
under provisions of E.O. 12356
[illegible] National Security Council

UNCLASSIFIED



UNCLASSIFIED 12 Jun

2383 ~~[illegible]~~ Rich Miller

- Teicher info re hostages in Beirut
- Michael Arraf (Nafid)
- Jawad would like to help w/ hostages
- Use his influence w/ Shia
- Jawad worked Sullivan to Canadian Emb in Iran
- Teicher got visa for Jawad's brother Prince Abdullah, when King was here
- Michael ~~was~~ is w/ Rich now.
- Man in Philly needs to hear from Howard

[redacted]

- Needs to hear that Jawad is Prince of Jiddah

Ibrahim Bin Abd Al-Aziz Ibn Saud

Al-Massoudy

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3261

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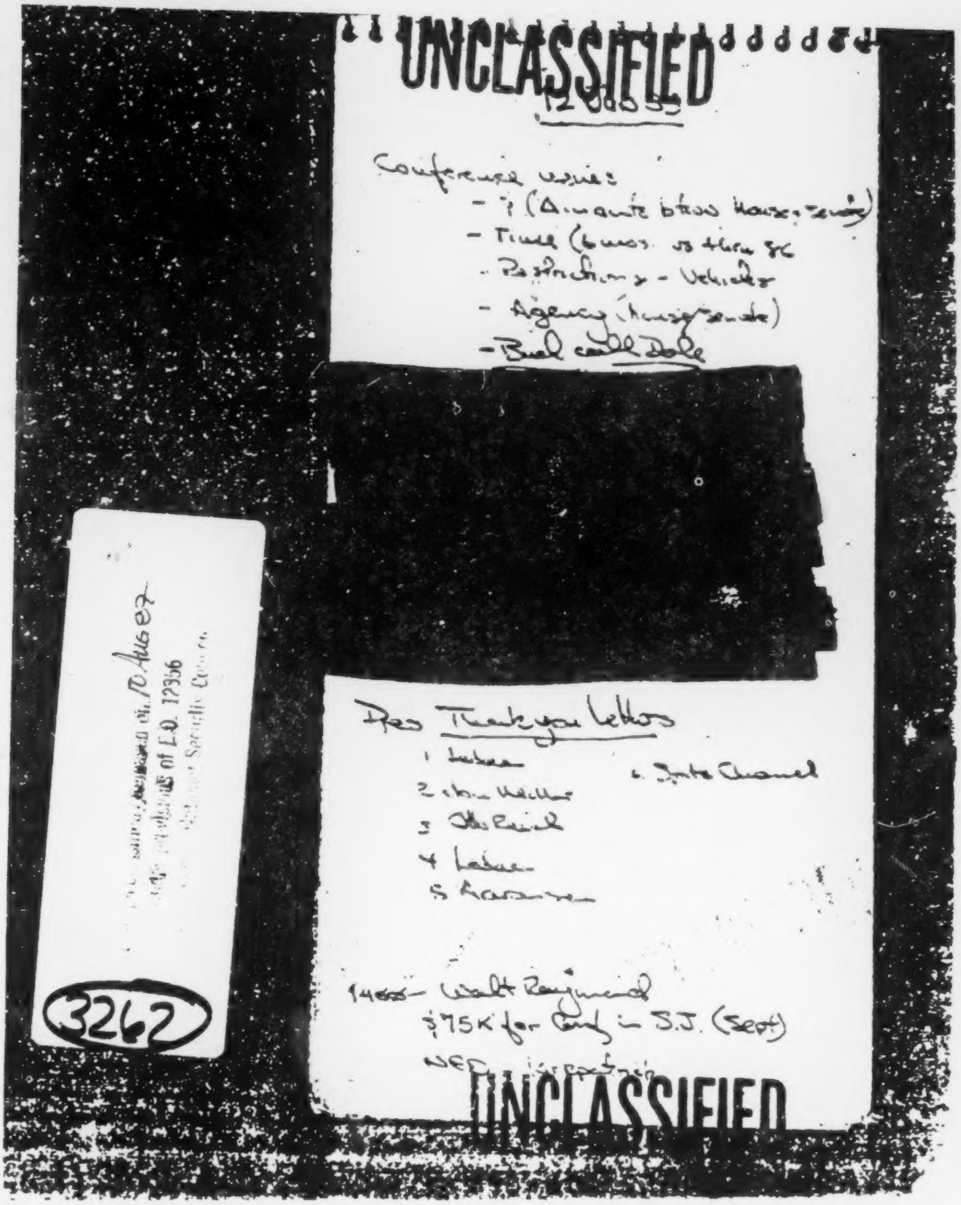

UNCLASSIFIED

1280055

Conference issues:
- ? (Amounts btwn House + Senate)
- Time (6 mos. vs thru 86
- Restrictions - Vehicles
- Agency (House/Senate)
- Bud call Dole

[redacted]

Pres Thank you letters
1 Lehrman
2 [illegible] Walker
3 [illegible]
4 Lehrman
5 [illegible]
6. Spitz Channell

1400 - Walt Raymond
$75K for Conf in S.J. (Sept)
NED - [illegible]

UNCLASSIFIED

[illegible] on 10 Aug 87 under provisions of E.O. 12356 [illegible] Security Council

3262

16 Jun

[redacted]

[redacted]

Rich Miller

- Jewell Info.
  - one of hostages
  - Jewell going himself
  - Brother has arranged for Rifat
- Bakrani

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by National Security Council

3263

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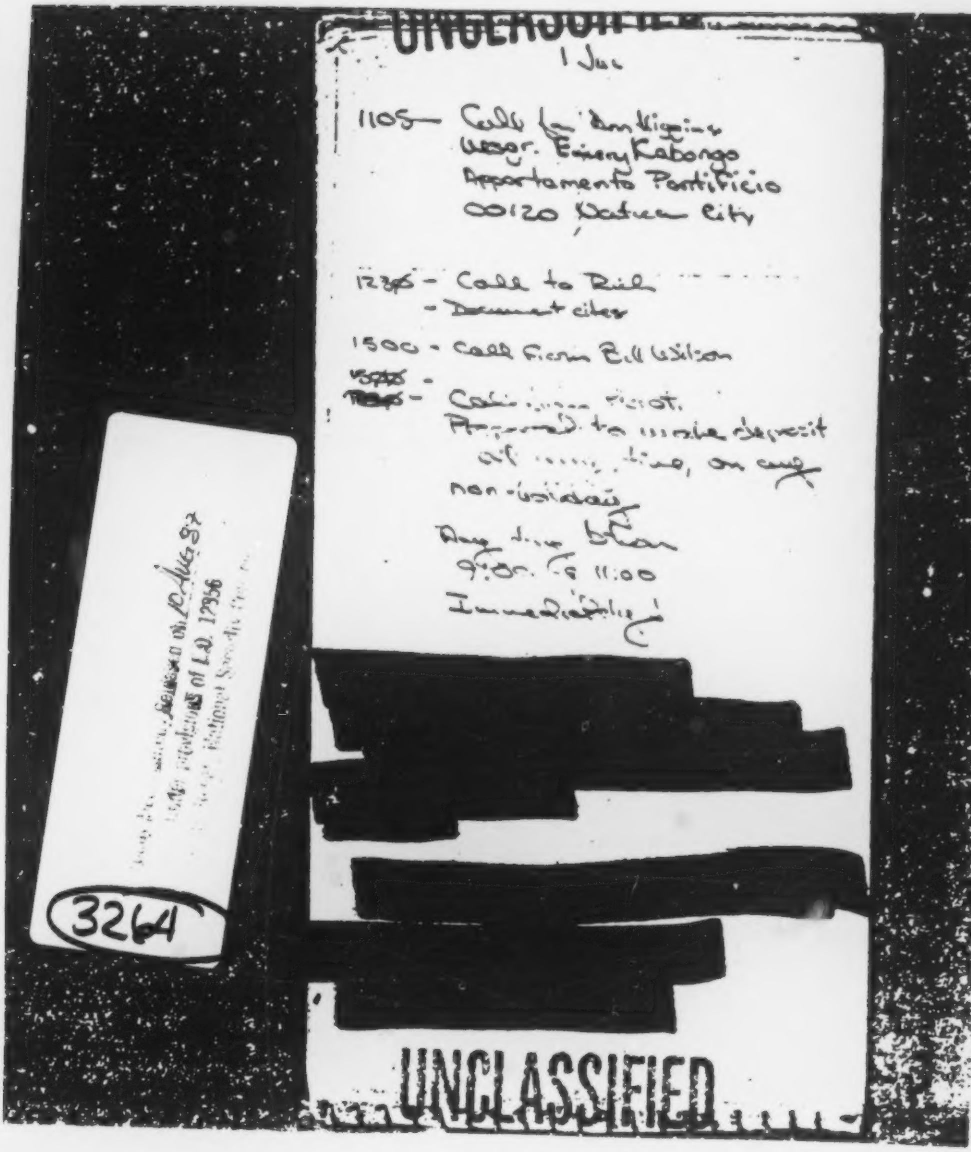

UNCLASSIFIED

1 Jun

1105 — Call for Dan Higgins
Msgr. Emery Kabongo
Appartamento Pontificio
00120 Vatican City

1230 - Call to Rich
- Document cites

1500 - Call from Bill Wilson

~~[illegible]~~ -
~~[illegible]~~ - Call [illegible] [illegible].
Prepared to make deposit
at [illegible] time, on any
non-holiday
Any time between
9:00 & 11:00
Immediately!

[redacted]

[redacted]

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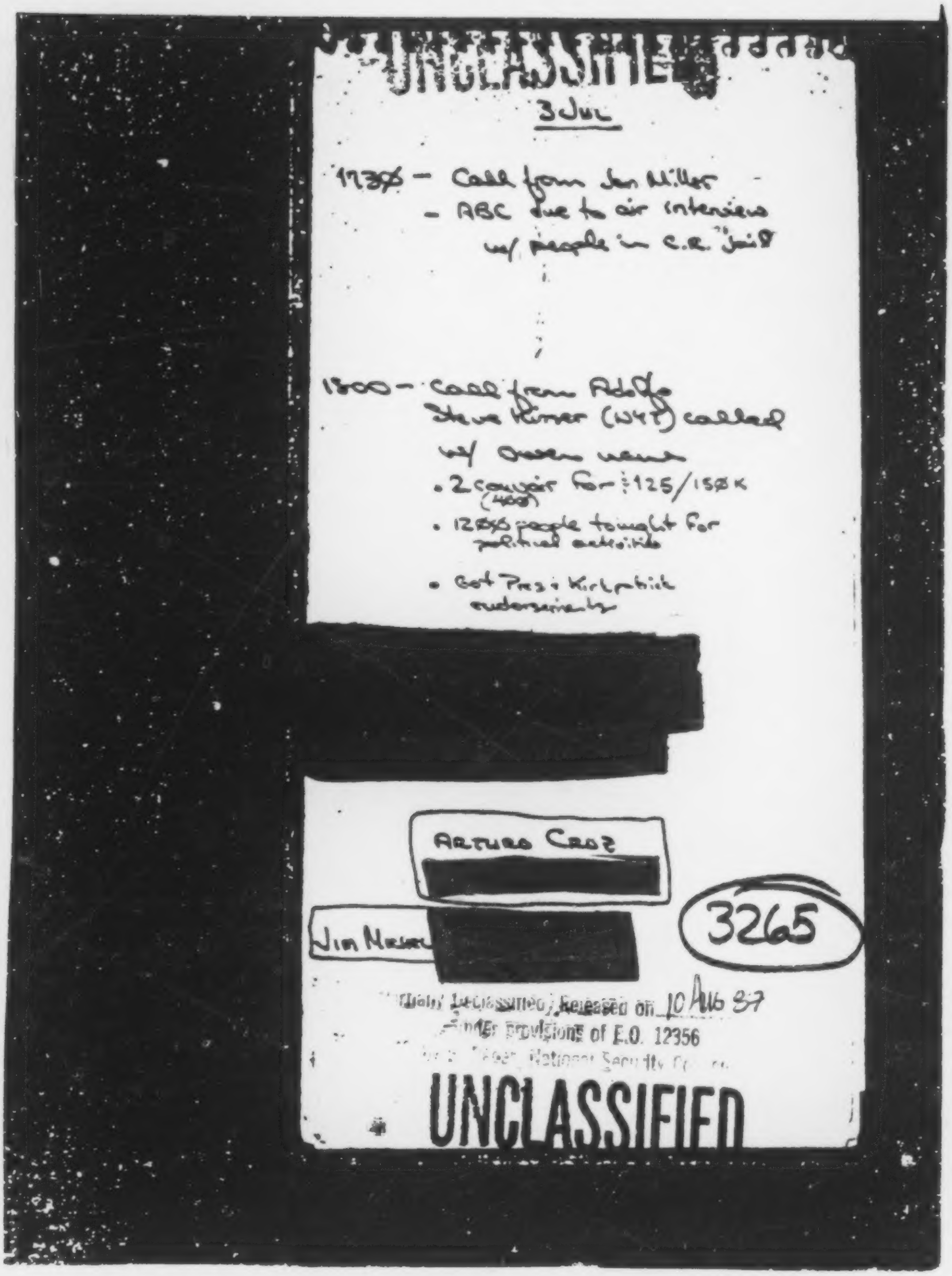
[illegible] Released on 10 Aug 87
under provisions of E.O. 12356
[illegible] National Security Council

3264



UNCLASSIFIED

3 JUL

1730 - Call from Jon Miller -
- ABC due to air interview
w/ people in C.R. jail

1800 - Call from Adolfo
Steve Kinzer (NYT) called
w/ Owen name
• 2 convair for $125/150K
(400)
• 1200 people taught for
political activities
• Got Pres + Kirkpatrick
endorsements

[redacted]

ARTURO CRUZ
[redacted]

Jim Nesel [redacted]

3265

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by [illegible], National Security Council

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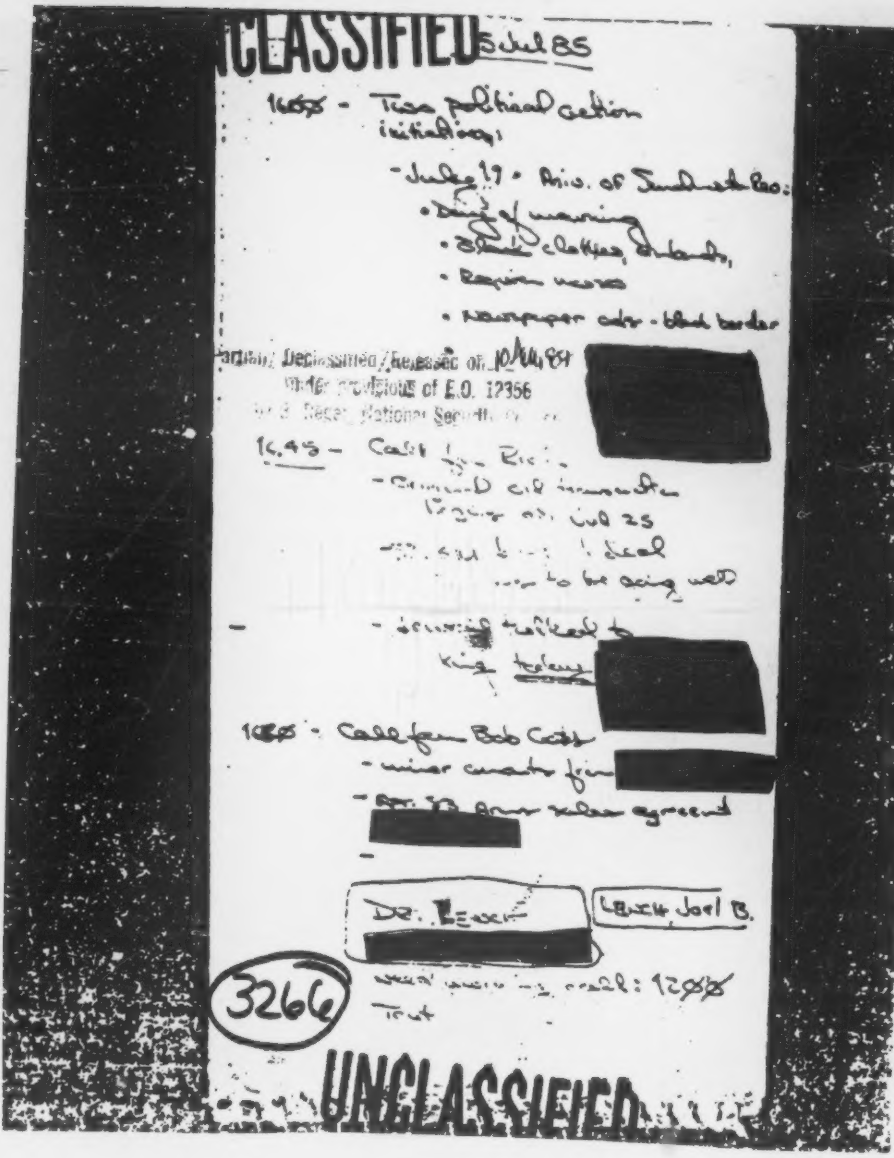

NCLASSIFIED 5 Jul 85

1605 - Iran political action initiatives:

- July 19 - Anniv. of Sandinista Rev.:
  - Day of mourning
  - Black clothes, armbands,
  - Requiem masses
  - Newspaper ads - black border

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under provisions of E.O. 12356
by B. Reger, National Security Council

[redacted]

16.45 - Call from Rich
- Conveyed oil transaction beginning on Jul 25
- [illegible] said [illegible] deal [illegible] to be going well
- [illegible] talked to King today [redacted]

1650 - Call from Bob Cott
- minor comments from [redacted]
- [illegible] sales agreement

[redacted]

-

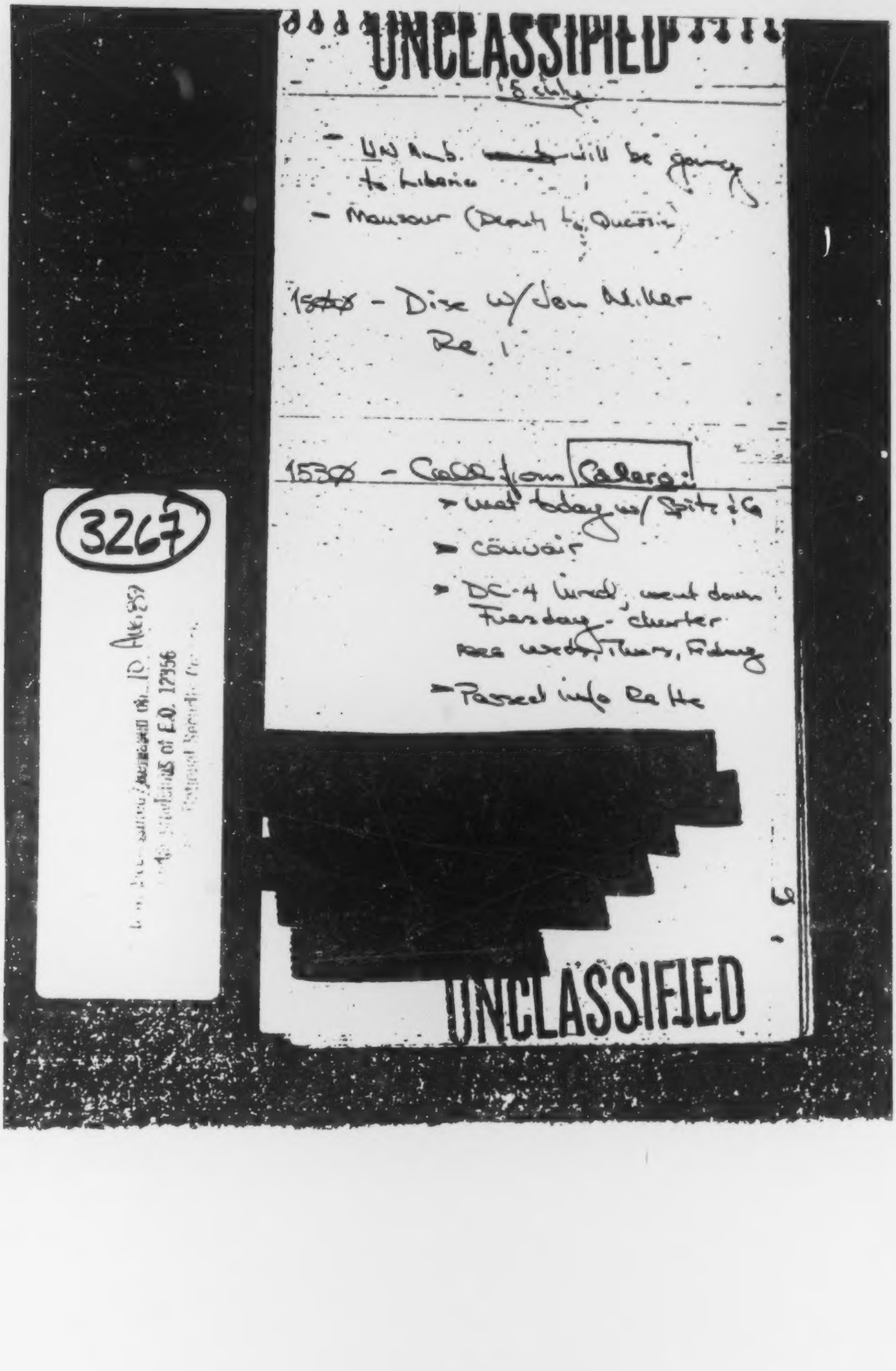
Dr. [illegible]
[redacted]

Leach, Joel B.

3266

[illegible] call: 1200
Text

UNCLASSIFIED



UNCLASSIFIED

15 July

- UN Amb. ~~[illegible]~~ will be going to Liberia
- Mansour (Death to [illegible])

1500 - Disc w/ Jon Miller
Re 1

1530 - Call from Calero:
> Met today w/ Spitz & G
> Convair
> DC-4 lined, went down Tuesday - charter Res Wed, Thurs, Friday
> Passed info Re the

[redacted]

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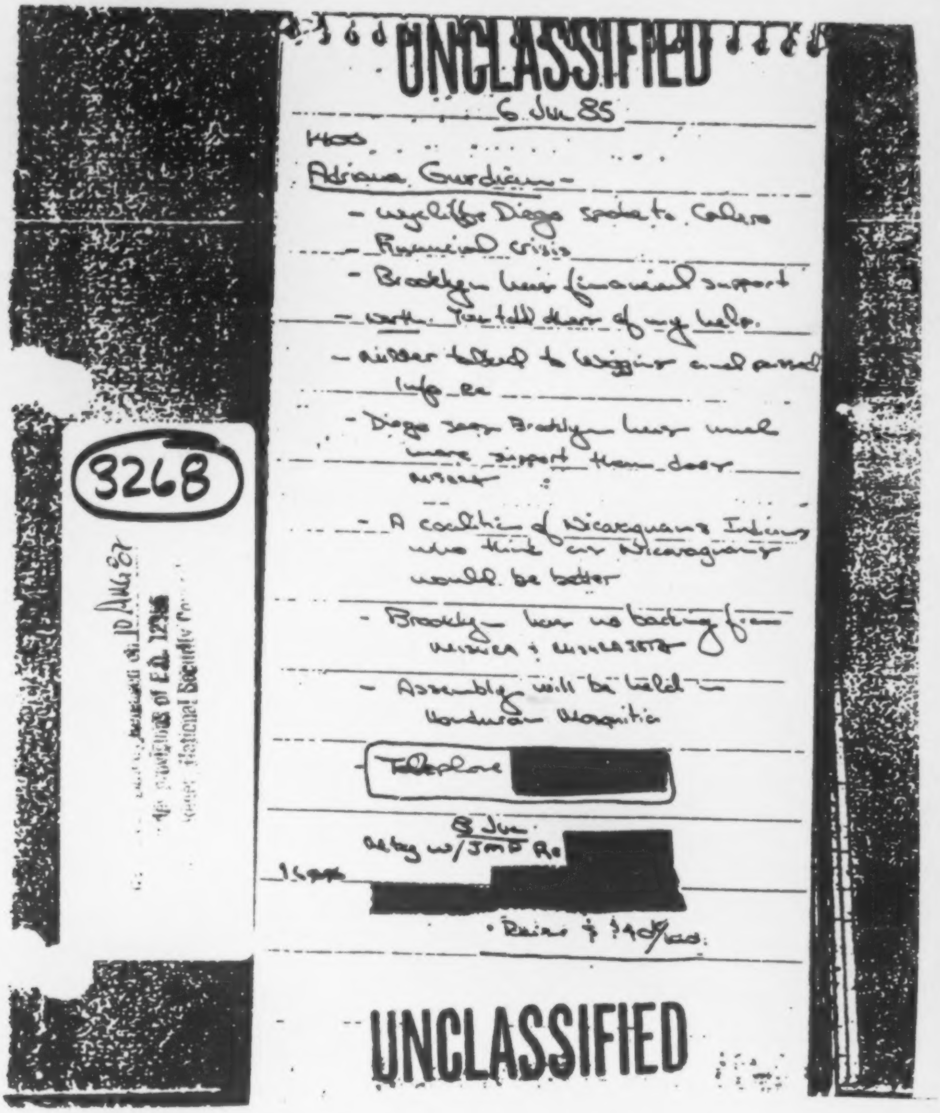
3267

[illegible] Declassified/Released on 10 Aug 87
under provisions of E.O. 12356
[illegible] Security Co[illegible]



UNCLASSIFIED

6 Jun 85

1400

Adriana Guardian -

- Wycliffe Diego spoke to Calero
- financial crisis
- Brooklyn has financial support
- North. You told them of my help.
- Rivera talked to Wiggins and passed info re
- Diego says Brooklyn has much more support than does Rivera
- A coalition of Nicaraguans Indians who think as Nicaraguans would be better
- Brooklyn has no backing from MISURA & MISURASATA
- Assembly will be held in Honduran Mosquitia

Telephone [redacted]

8 Jun

Mtg w/ JMF Re [redacted]

1600 [redacted]

• Raise $ $40K/mo.

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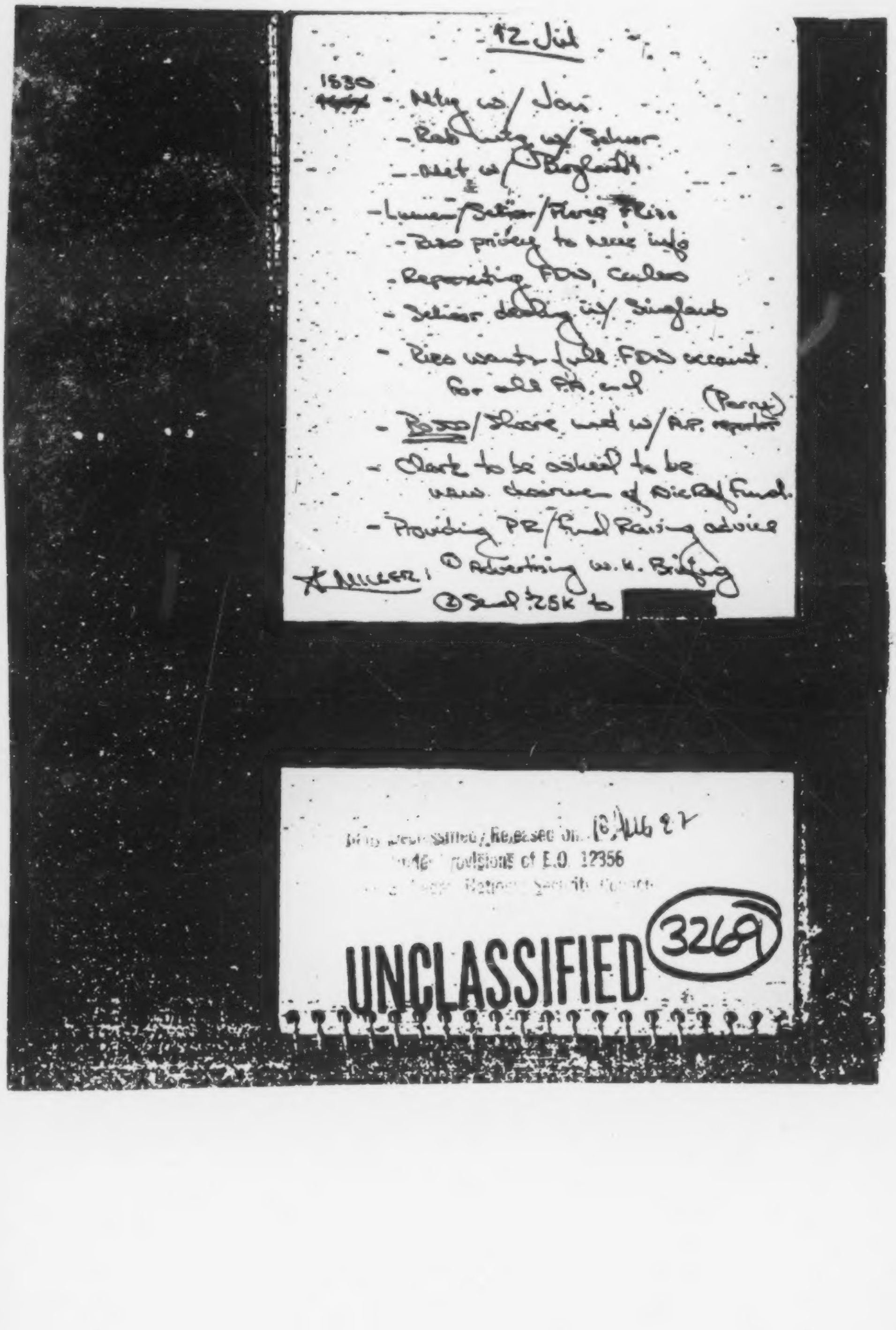
National Security Council



12 Jul

1830 ~~[illegible]~~ - Mtg w/ Jon
- Rob mtg w/ Selser
- Met w/ Singlaub
&
- Lunch/Selser/Flores & Riss
- Riss privy to NSC info
- Reporting FDN, Calero
- Selser dealing w/ Singlaub
- Riss wants full FDN account for all P.R. and
- Bosco/Shore mtg w/ A.P. reporter (Parry)
- Clark to be asked to be vice chairman of Nic Ref Fund.
- Providing PR/Fund Raising advice

★ Miller: ① Advertising W.H. Briefing
② Send $25K to [redacted]

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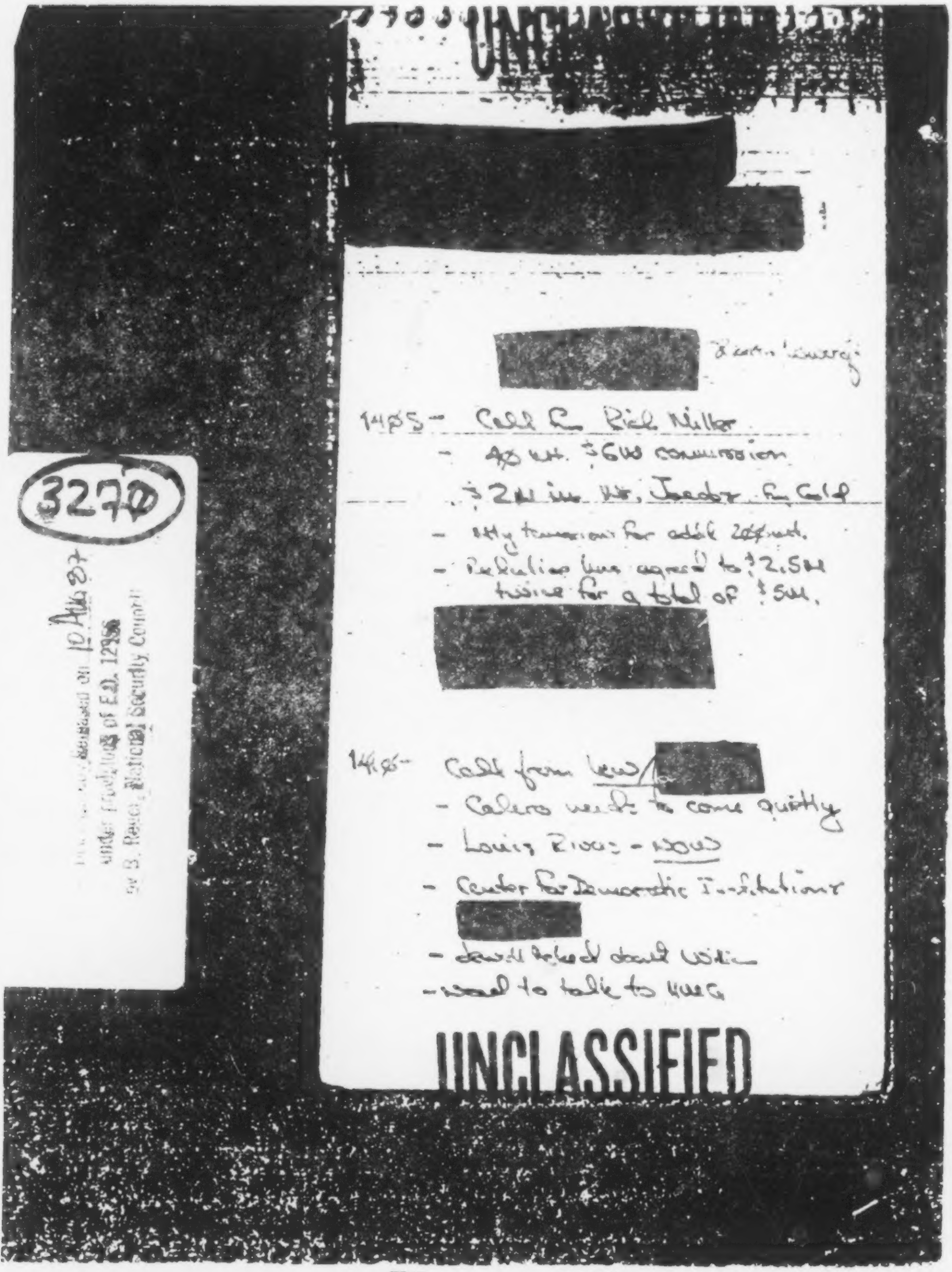
by [illegible] National Security Council

UNCLASSIFIED 3269



UNCLASSIFIED

[redacted]

[redacted]

[redacted] [illegible] 'energy'

1405 - Call fr Rick Miller
- 40 wt. $6M commission
$2M in wt, Jacobs fm Calif
- atty transmission for add'l 20[illegible]
- [illegible] has agreed to $2.5M twice for a total of $5M.

[redacted]

1415 - Call from Lew [redacted]
- Calero wants to come quietly
- Louis Rivas - NOW
- Center for Democratic Institutions

[redacted]

- [illegible] down within
- want to talk to [illegible]

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3270

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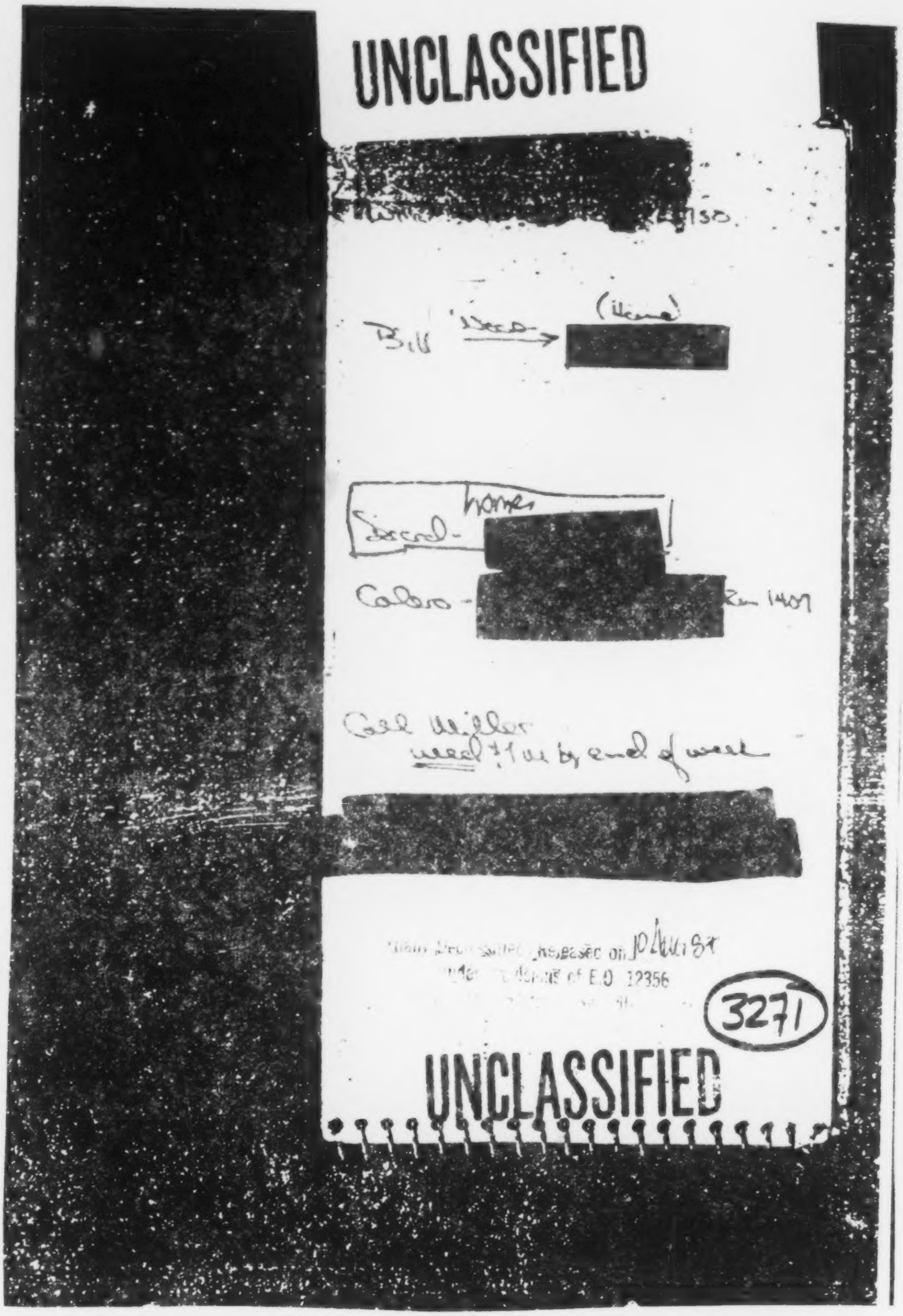
by B. Reger, National Security Council



UNCLASSIFIED

[redacted]

Bill [illegible] → (Home) [redacted]

home
Secord - [redacted]

Calero - [redacted] Rm 1407

Call Miller
need $1M by end of week

[redacted]

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under provisions of E.O. 12356

3271

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9 Oct

1500
- Mtg w/ Spitz & Bar

- Program for 14,000.
- Commercials on SDI
- Assignment for Barbara N.
  $500K w/in 30 days.
-

[redacted]

[redacted]

3275

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by B. Reger, National Security Council

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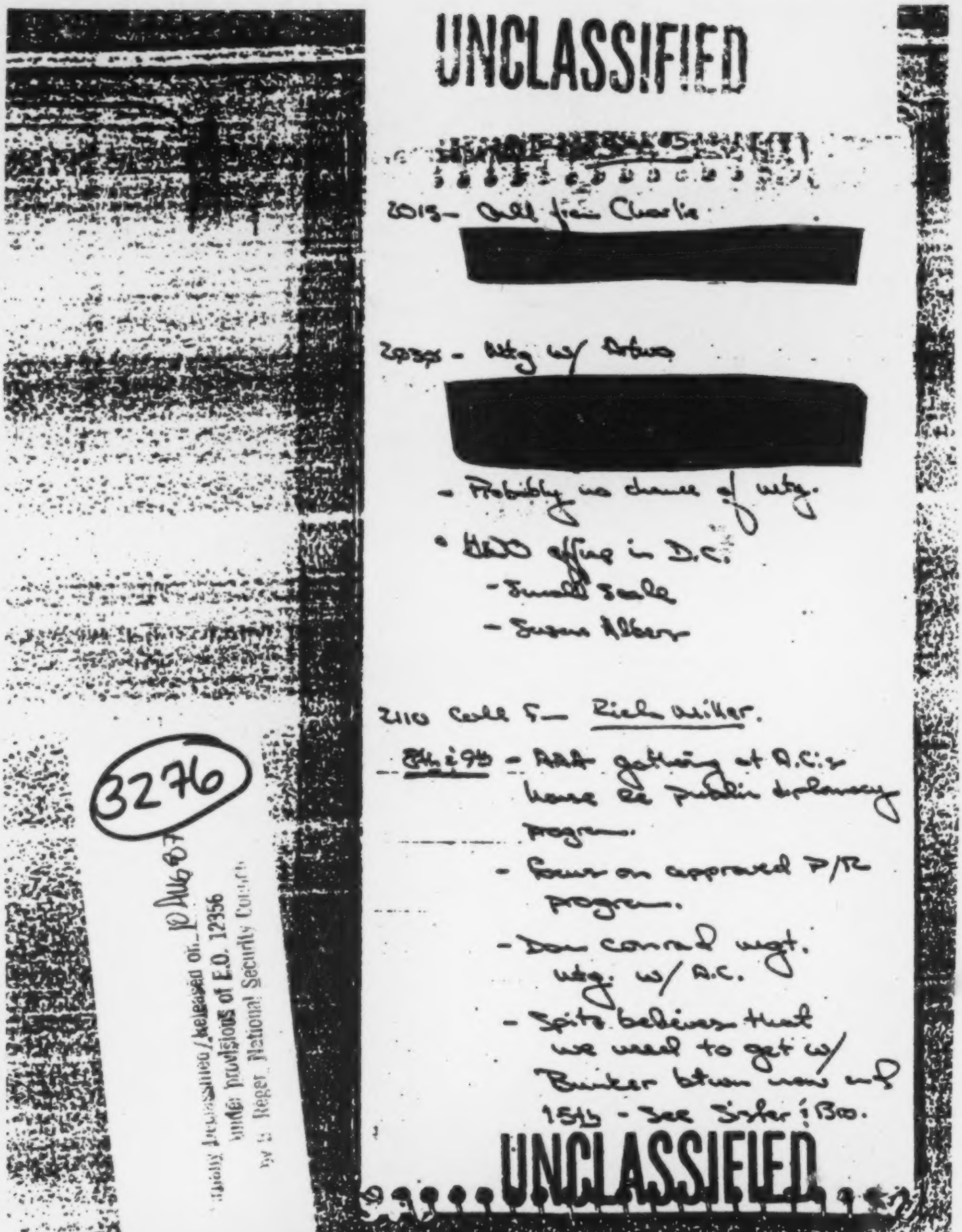

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2015 - Call from Charlie

[redacted]

2030 - Mtg w/ Arturo

[redacted]

- Probably no chance of mtg.

• HDO office in D.C.
  - Small Scale
  - Susan Alberg

2110 Call fr — Rich Miller.

8th & 9th - [illegible] gathering at D.C.'s house re Public diplomacy program.
  - Focus on approved P/R program.
  - Don Conrad wgt. mtg. w/ A.C.
  - Spitz believes that we need to get w/ Barker btwn now and 15th - See Sister & Bro.

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by B. Reger, National Security Council

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[redacted]

1700 [redacted]

- Duarte here 20 Sep
could be helpful w/

[redacted]

27 Aug

- Call from Dick S.
  - 1st Hawk enroute
  - photos to be taken

- Call from Rich
  - Mrs. Fredda McDonald
    works for Col. H.A.R. Richardson
  - Brit. Gold Transaction
  - Sheik Faro
    UAE -
    hotel in Geneva (HILTON [illegible])

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3272

Partially Declassified/Released on 16 Aug 89
under provisions of E.O. 12356
by B. Reger, National Security Council

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[redacted] 15 Sep

0730 - Staff Mtg

- Gaston: Check on [redacted]
- AAA will be here Today/Tomorrow
  - Meet w/ [redacted]
  - Get on VOA
  - Plan to meet w/ Downing
- Suazo Hrs - good effect. delay could have been a fatal error.

1000 - Mtg w/ Moreau/[redacted]
Re UNO

[redacted]

* Call Rich Miller for Stationary.

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3273

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27

1100 - Frank Gomez
Fred Sacher [redacted]
Approaches $500K
- God bless you
- Program is essential
- CNN
- Nightline//20/20/
- Around week of 20 Oct.

1120 - Call Back

Nestor Sanchez - 2402

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under provisions of E.O. 12356
by [illegible] Reger, National Security Council

1125 - Rich Miller -
• Hotel Des Berge - Jewell
AR Normandi

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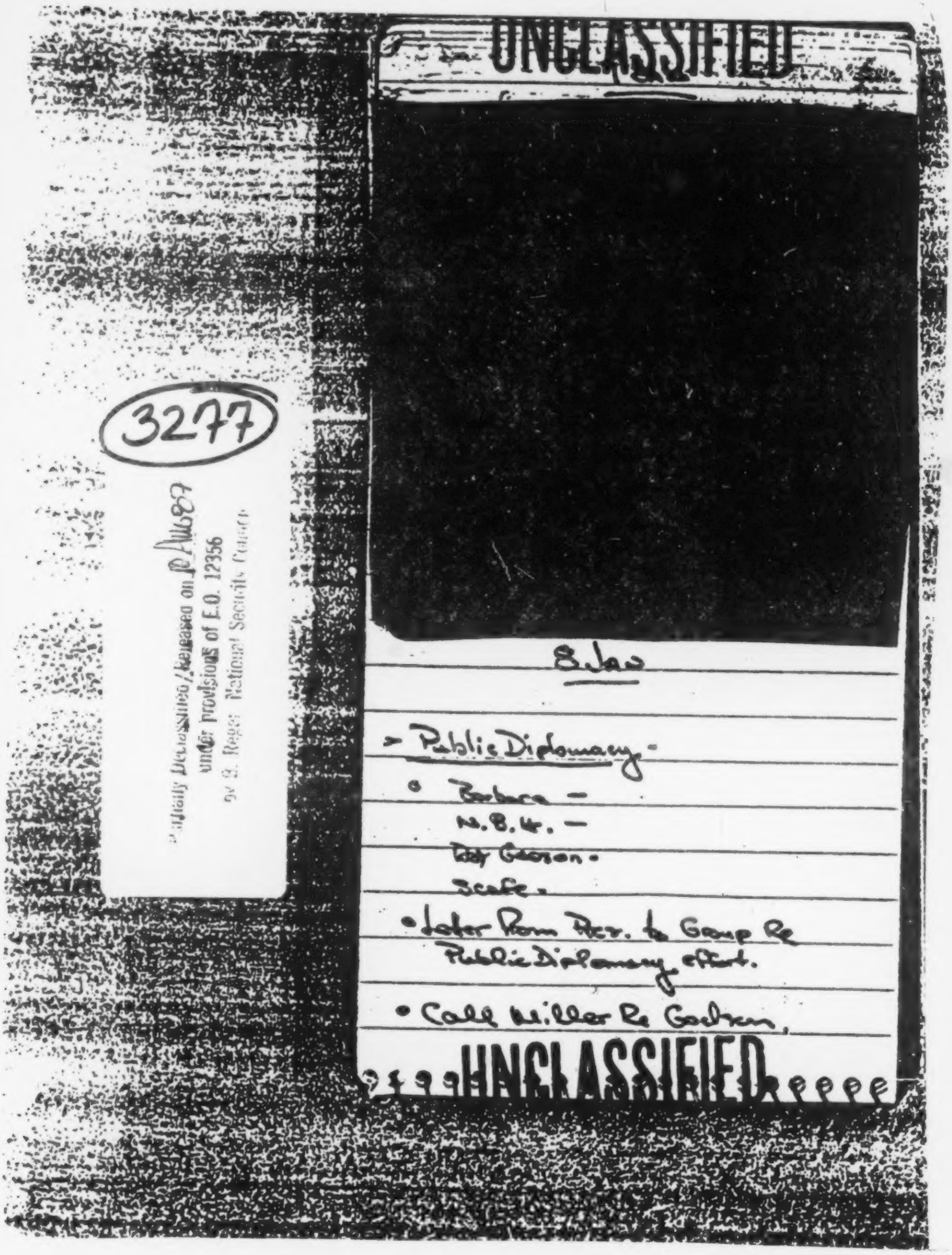
3274



3277

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[redacted]

8 Jan

> Public Diplomacy -
- Barbara -
  N.B.C. -
  Roy Godson -
  Scafe.
- Letter from Pres. to Group re Public Diplomacy effort.
- Call Miller re Godson.

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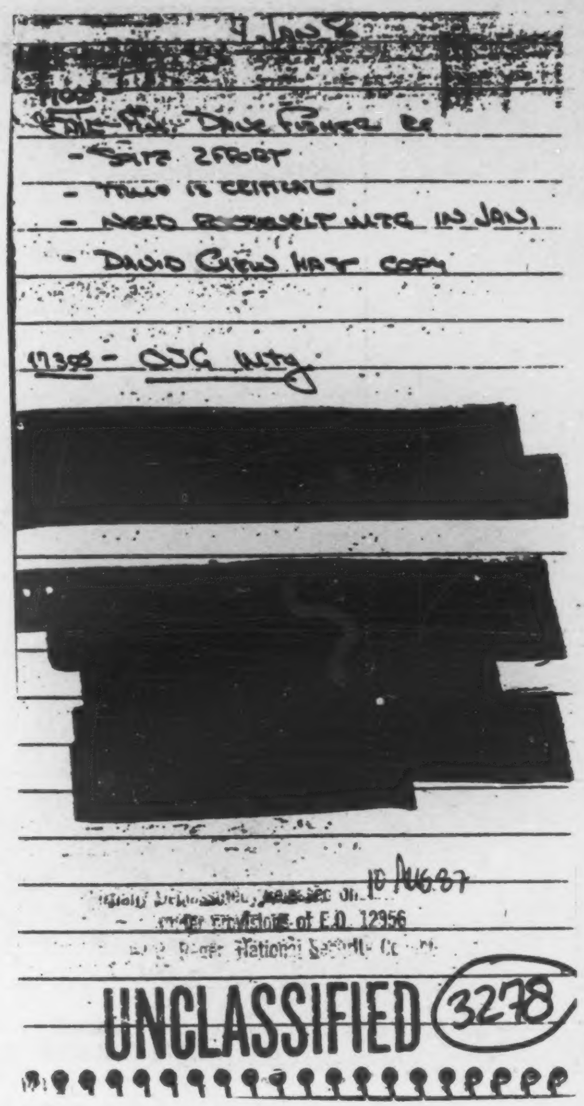

9 JAN 8

[redacted]

1100

Call fm: Dave Fischer re

- State effort
- Time is critical
- Need Roosevelt mtg in Jan.
- David Chew has copy

1730 - OSG Mtg

[redacted]

[redacted]

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under provisions of E.O. 12956
by [illegible] National Security Council

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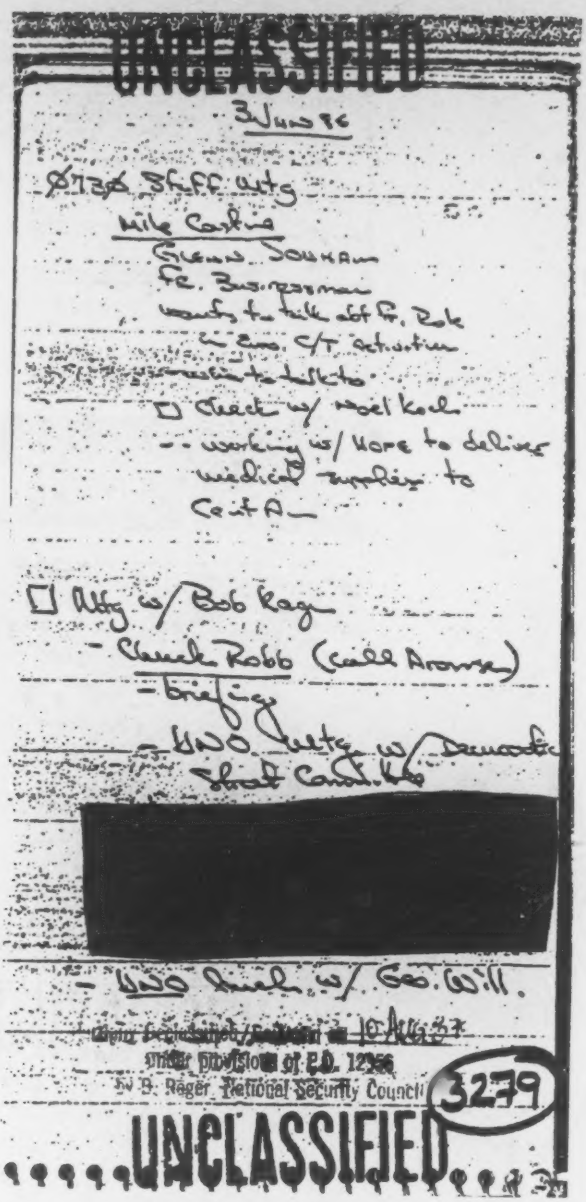
3278



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3 Jun 86

0730 Staff Mtg

Mike Castine

Glenn Souham

Fr. Businessman

wants to talk abt Fr. Role

in Euro. C/T activities

wants to talk to

☐ Check w/ Noel Koch

-- working w/ Hope to deliver

medical supplies to

Cent Am

☐ Mtg w/ Bob Kagan

- Chuck Robb (call Aronson)

- briefing

- UNO Mtg w/ Democratic

Strat Committee

[redacted]

- UNO lunch w/ Geo. Will.

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by B. Reger, National Security Council

3279

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[illegible]

[illegible]

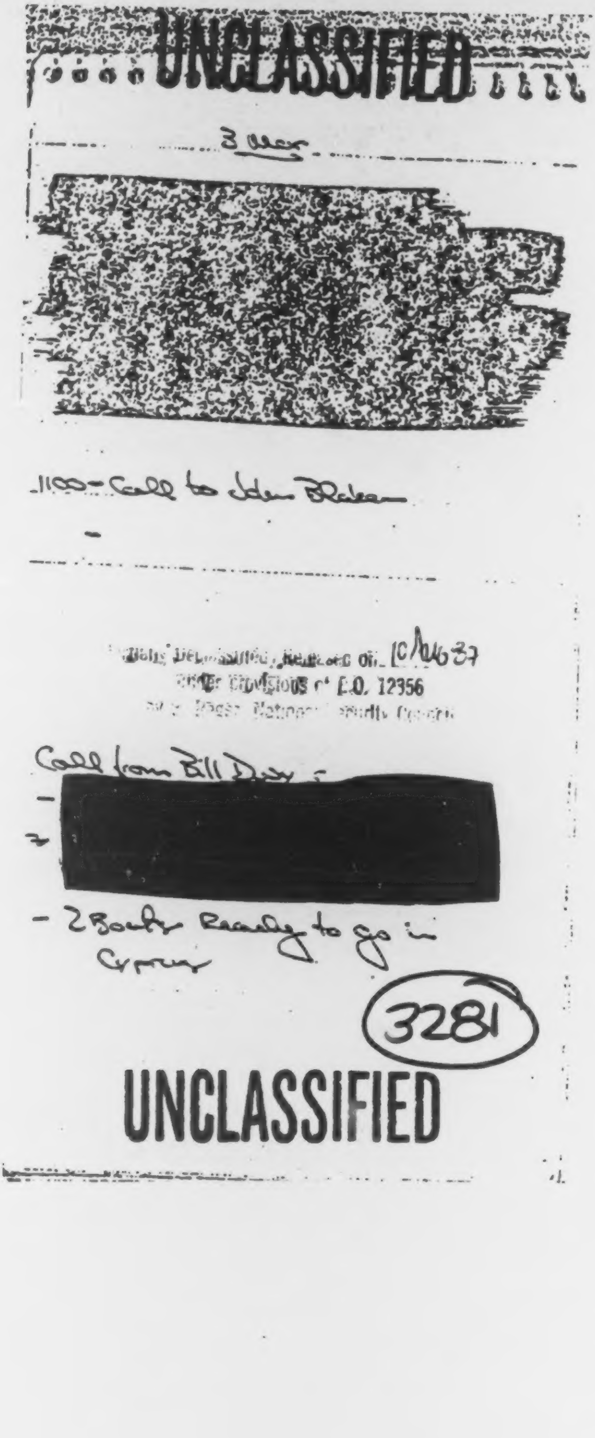
[redacted]

~~[illegible]~~ - Dave Fisher
- RR knows that if NSC works
  - will bring-in Washington, et al
  - has talked to RCM
  - Bring in 4-5 others quietly
- Fisher wants to go and see things first-hand.

[redacted]

Partially Declassified/Released on 10 Feb 87
Under provisions of E.O. 12356
by [illegible] Reger National Security Council

UNCLASSIFIED 3280



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3 Mar

[redacted]

1100 - Call to John Blake

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by [illegible] National Security Council

Call from Bill [illegible]

[redacted]

- 2 Boats Ready to go in Cyprus

3281

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Senate vote: March 24-25.
House vote: Wk ~~[illegible]~~
of Apr 7

K of C:

Masons

[illegible] Released on 10 Aug '87
[illegible] of E.O. 12356
[illegible] Security Council

☐ Call [redacted]
Cruz & Robelo must
get w/ Miller Re
Pub Dip Sched.

☐ Call McCurdy
[redacted]
2208

☐ Narine Dawson
[redacted] (3282)

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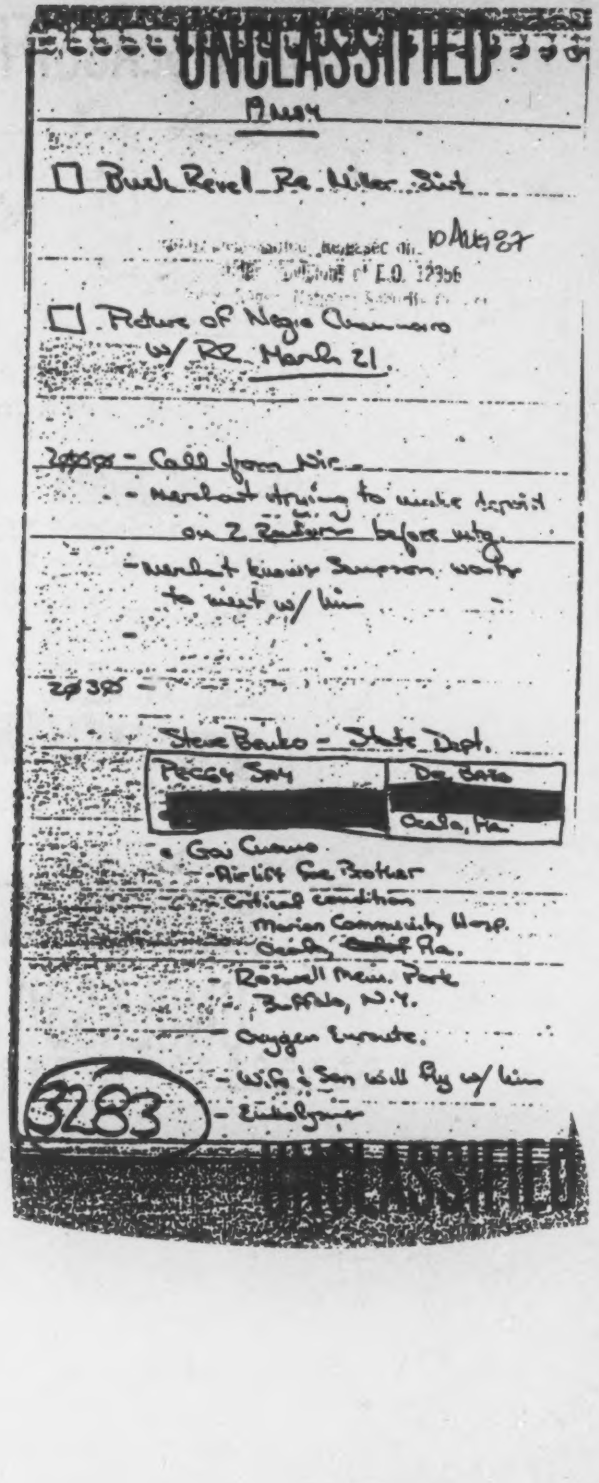

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Busy

☐ Bush Revel Re Miller List

[illegible] released on 10 Aug 87
[illegible] provisions of E.O. 12356
[illegible]

☐ Picture of Negio Chamorro
w/ RR March 21.

2000 - Call from Nic
- Merchant trying to make deposit on 2 Radars before mtg.
- Merchant knows Simpson wants to meet w/ him
-

2030 -

Steve Banko - State Dept.

Peggy Say	Dr. Bazo
[redacted]	[redacted]
	Ocala, Fla

• Gov Cuomo
- Airlift for Brother
- Critical condition
Marion Community Hosp.
Ocala, ~~[illegible]~~ Fla.
- Roswell Mem. Park
Buffalo, N.Y.
- Oxygen Enroute.
- Wife & Son will fly w/ him
- [illegible]

3283

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5 Jun 85

0730 Staff Mtg
- Hostages safe release for
8 West Germans

[illegible] RELEASED ON 10 AUG 87
[illegible] E.O. 12356

0900 Mtg w/ [redacted]

Jim Morrison - Wartime
knows Noriega/Army.

1330 Mtg w/ Rich Miller

- 125K to Friends of Amer.
- 50K to Livingston/Arnold
for Study on L.A. Terror.

- Set up NWO off-line
Political acct.
$15K/mo.

3284

UNCLASSIFIED

[redacted]UNCLASSIFIED 18 Jun 86

[redacted]

[redacted]

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Mtg. w/ Alfonso:
- Delays in Bank deposit

☐ Rich Miller:
- ? - credit card for travel?

Ferguson
Jenkins

3285

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22 Jun 86

☐ Elliott [redacted]

- Dan Egger - Rec.
  Call to Olympia Snowe
- Nori Briefing - Dave & professor
  Guardia to push
  Issue -
- Call to Dave from
  Shultz or Poindexter

- Tommy Boggs -
  Democrat - Organize

1145 - Call from [redacted]

- Claims major Republican
  Party politics
- Race w/ [redacted]

- All senior Guardia officers -
  corrupt.

UNCLASSIFIED

3286

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by [illegible] National Security Council

25 Jun 86

UNCLASSIFIED

Mtg w/ Sam, Abe, Dick

- Nir mtg w/ [redacted]
- Right hand behind
- Next steps:
  ① Meet w/ Nir & Gorba in Eur.
  ② Pursue [redacted] option w/o.
  ③ Te[redacted] that price is xx, and copies of micro
  ④ Al & Dick look for new contacts
  ⑤ George Bard.r contact.

[redacted]

1 Tom Kelley
☐ Teletype fr
Michael Ansary
1 Richard Miller

3287

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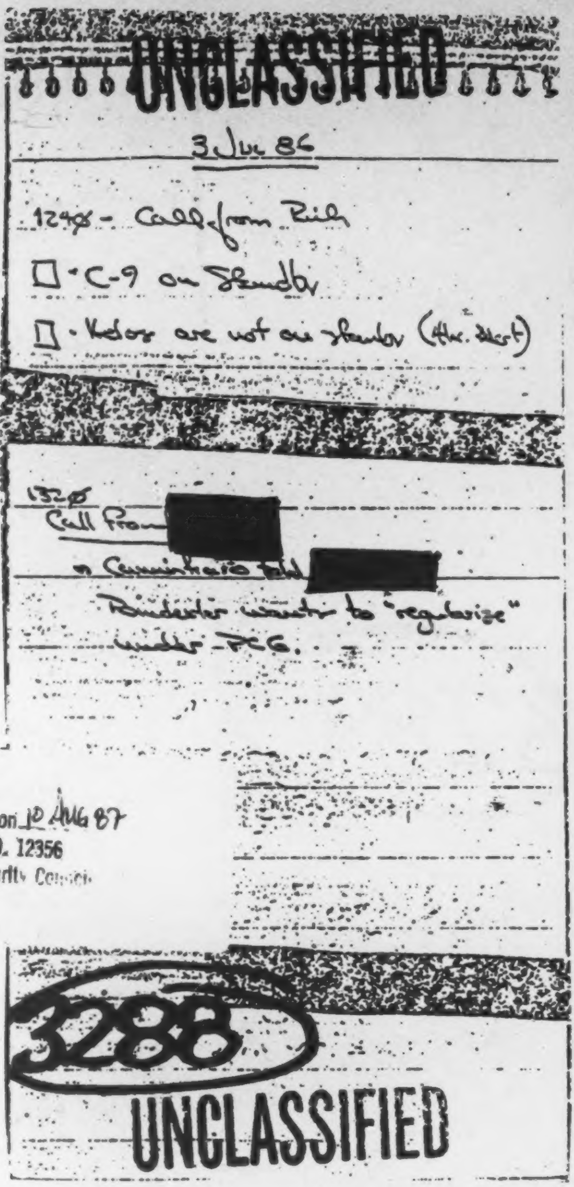
by B. Reger, National Security Council



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3 Jul 86

1240 - Call from Rich

☐ - C-9 on Standby

☐ - Helos are not on standby (4hr. alert)

1520
Call from [redacted]

→ Communicatio told [redacted]

Poindexter wants to "regularize" under PCG.

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by S. Reger, National Security Council

3288

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4 Aug 86

1700 - Call from Dick Adamy
- meeting sched for Ev?
- no contact w/ [redacted]

1725 - Call from Oakley

[redacted]

B289

1735 - Call from Rich
① Rafael Flores - going to work for Spitz
Flores very close to Robello
Recommend break contact
② Armed Services committee vote 25-6

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to Hill

0800 - Call from Adam:
- merchant talked
- 48 microfiche sheets
[illegible]-C
AS OF 100385
- CATALOG -
0914
- CALL BACK RE DATE OF
SYRIAN

0810 - Call to Elliott

0830 - Mtg for w/ HPSCI

0930 - Call from Bob
- Steele

[redacted]

- were stopped test
hop on C-7
- cooper taking
Ralph in Miami:
C-6 to [illegible] from [redacted]

3290

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[redacted]

☐ Check w/ Buck re
whether Rich Miller
has a problem w/
any European law
Enforcement Agencies.

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3291

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6 Sep 86

0005 - Call from [redacted]
- Security minister plans to make public Udall Role w/ [redacted] and alleg. violation of [redacted] law by Udall, Bacon, North, Secord, et al
- [redacted]
Cont.

0008 - Call to Elliott Abrams [redacted]
and Amb. Lew Tambs [redacted]
Rm. 4166
- Tell Arias:
- never set foot in W.H.
- never got 5¢ of $80M promised by McFarlane.

☐ Haskell: Albert Bacon

0034 - Call from Tambs

0045 - Call from [redacted]
[redacted] confirms that: just
• 4 people know about decision
• knows prev. govt. has made

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3292

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by S. Reger, National Security Council

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25 Sep

[redacted]

* Fawn — have Dowling call Walsh Re medical exam for [redacted]

1845 — Call from Rich
- Banker says it has all moved
- Conrad trying to call
- Rec'd $100K Part Tmrs.
- will send 100K to DC ASAP

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26 Sep 86

[illegible]

- Call from Rich
- $2000K Recd from [illegible]
-

1900

[redacted]

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by B. Reger, National Security Council

3294

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30 Sep 86

[redacted]

- L

1200 mtg w/ Mike L.

☐ Call Charlie Re letter to Gates.

[redacted]

3295

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by B. Reger, National Security Council

1330 - Rich M.
- 200 Rec'd fm S.C. (Sent)
- Sent 100 + 150
(Very [illegible]) ([illegible] today & [illegible] Tues)

UNCLASSIFIED

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22 Oct

☐ Need Docs for all TOWs Shipped to Israel

☐ Bob Call John [illegible] Re

- We have warned Americans

23 Oct 86

1750
Rich Miller:

① - Peter Dailey
Exec Dir

② - 17 Oct - 10K to [redacted]
- 13 Jun - 7K
- 24 Jul - 3K
- 12 Sep - (7K
- [redacted]
- 17 Oct - 25K POLCA for UNO

③ Guy from Jim Wright's staff -

1600

- Call from Dowling

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3296

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under provisions of E.O. 12356
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19 Nov 86

Mtg. w/ A.C. (cont'd)

[redacted] [illegible] w/ [redacted]

☐ Still owes $1.5m in food/medicine work in [redacted]

☐ Needs $250K ASAP.

☐ Kanga in Miami
- "we will move [illegible]"

☐ What to say about having worked w/ Secord.

1120 - Mtg w/ T. Dowling

☐ Hurtle - 20 Super Fund folks to W.H.
Week of Dec 7.

• Hurtle given names to Tom.

• Kanga - Raymond mtg w/ RR

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- [illegible] weight or throw.
- Open NSC Bag..
- Incl to [illegible] as LOO.

☐ Call Calero Re
Humberto
Wellington — [redacted] Rm 721
After 5 Before 6 - Tomorrow.

☐ Call Dick Helms Re
lunch tomorrow

☐ Rich Miller
- Said he could help -
- • Only N. can authorize

0714 - Call from [illegible] - just talked to [redacted]
- • Proposed steps are impossible here
- • Could cause retaliation in Beirut
- After there is hope that the [illegible] will be [illegible] we must wait.
- • However, you must take 45 or maybe 50-51% of the shipm-
- • ~~[illegible]~~ Talk more about D.C. and

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N 40300

1411

To	Name and Address	Date	Initials
1	Robert McFarlane		
2			
3			
4			
5			
6			

X	ACTION		FILE
	APPROVAL		INFORMATION
	COMMENT		PREPARE REPLY
	CONCURRENCE		RECOMMENDATION
	DIRECT REPLY		RETURN
	DISPATCH		SIGNATURE

REMARKS:

cc: Oliver North (#2 and 3)
Jim Radzimski (#4)

NSC/ICS CONTROL NO. 400300

COPY NO. 2 OF 4

HANDLE VIA SYSTEM IV CHANNEL ONLY

NSC INTELLIGENCE DOCUMENT

Partially Declassified/Released on 22 June 1987
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~~[illegible]~~ 1234

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MEMORANDUM

SYSTEM IV
NSC/ICS-400300

NATIONAL SECURITY COUNCIL

March 20, 1985

N 40301

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ACTION

MEMORANDUM FOR ROBERT C. MCFARLANE

FROM: OLIVER L. NORTH

SUBJECT: Timing and the Nicaraguan Resistance Vote

Attached at Tab A is the most recent version of the chronology of events aimed at securing Congressional approval for renewed support to the Nicaraguan Resistance Forces. This schedule results from the four communications/media meetings we have now had with Pat Buchanan's ad hoc working group. Please note that the schedule continues to focus on a vote at the end of April triggered by submission of the required report on or about April 15.

In addition to the events depicted on the internal chronology at Tab A, other activities in the region continue as planned--including military operations and political action. Like the chronology, these events are also timed to influence the vote:

- planned travel by Calero, Cruz, and Robelo;
- various military resupply efforts timed to support significantly increased military operations immediately after the vote (we expect major Sandinista crossborder attacks in this timeframe--today's resupply to [redacted] [redacted] from [redacted] went well); and
- special operations attacks against highly visible military targets in Nicaragua.

Some of these efforts will proceed whether or not the vote occurs as planned at the end of April. For example, today Bernardario Larios, former Sandinista Defense Minister, defected to Costa Rica and is now in Panama (you were briefed on this operation during the trip). Others, however, including actions by U.S., interests groups are very sensitive to the timing. Next week the networks auction their air time for 15, 30, and 60 second commercials during prime viewing hours. These groups are prepared to commit nearly $2M for commercial air time and the

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production of various advertising media. If we are to retain their support, we must let them know by Friday whether or not they should proceed. To the maximum extent we have tried to prevent the kinds of errors that will cost them financially or politically. Unfortunately, some, like the Young Republicans ad, get through--this has been fixed.

It is important that a decision be taken no later than noon, Friday, March 22, if we are to proceed with the events in the checklist (Tab A) and those activities which support a vote at the end of April.

Senator Durenburger plans to make a major speech on this issue at the National Press Club next Tuesday, March 26. We should at least give him a sense of what to expect before he speaks.

You should also be aware that Director Casey has sent a personal note to Don Regan on the timing matter. We are attempting to obtain a copy for your use.

Worthlind has apparently completed an analysis on some recent polling data. It reportedly does not look good for a vote at this time.

Finally, Jim Michel reminds that in your meetings with the Central American Heads of State you told them that we would be quiescent during the early Spring, but that in April we would act. This description fits either scenario--going for the vote or a fallback option with sanctions. One way or the other, we need to have a decision.

RECOMMENDATION

That you discuss this matter with Don Regan and urge that a decision be made on timing by noon on Friday, March 22.

Approve _____ Disapprove _____

Attachments
  Tab A - Chronological Event Checklist (dtd March 20, 1985)
  Tab B - Young Republicans Ad

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CHRONOLOGICAL EVENT CHECKLIST

February 21-28, 1985 (completed)

Event	Responsibility
Send resource book on the Contadora process process to congressmen, media outlets, private organizations and individuals interested in Nicaragua.	State/LPD (Miller)
FDN to select articulate freedom fighters with proven combat records and to make them available for contact with U.S. media representatives.	NSC (North)
Assign U.S. intelligence agencies to research, report, and clear for public release Sandinista military actions violating Geneva Convention/ civilized standards of warfare.	NSC (North) (Raymond)
Prepare themes for approaches to Congressmen based on overall listed perceptions which will directly attack the objections listed above.	NSC (North)
Encourage U.S. media reporters to meet individual FDN fighters with proven combat records and media appeal.	NSC (North) State/LPD (Gomez)
Contact internal eyewitnesses/victims to testify before Congress about their abortive attempts to deal with the FSLN (deadline March 15).	NSC (North)

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March 1-8, 1985

Event	Responsibility
Prepare list of publicly and privately expressed Congressional objections to aiding resistance and voting record on the issue.	WH/LA State/H
Provide State/H with a list of Nicaraguan emigres and freedom fighters to serve as potential witnesses to testify before hearings on aid to Nicaraguan freedom fighters (due March 15).	NSC (North) State/ARA (Michel) State/LPD (Reich)
Nicaraguan internal opposition and resistance announce unity on goals and principals (March 2, San Jose) (completed).	State/LPD (Miller) NSC (North)
Request that Zbigniew Brzezinski write a geopolitical paper which points out geopoliticalconsequences of Communist domination of Nicaragua (paper due March 20).	NSC (Menges)
Briefings on Nicaragua for key Congressional members and staffers. North on NU aggression and external involvement, Burghardt on diplomatic situation.	NSC (North) (Burghardt)
Supervise preparation and assignment of articles directed to special interest groups at rate of one per week beginning March 18 (examples: article on Nicaraguan educational system for NEA, article by retired military for Retired Officers Association, etc.).	State/LPD
Assign agencies to draft one op-ed piece per week for signature by Administration officials. Specify themes for the op-eds and retain final editorial rights.	NSC (Menges)
Conduct public opinion poll of America attitudes toward Sandinistas, freedom fighters.	WH (Rollins)
National Press Club news conference for FDN commanders Bermudez, Tigrillo, Mike Lima (March 5) (follow-on Congressional visits (March 6) (completed).	State/LPD (Gomez) (Kuykendall)
Martha Lida Murillo (9 yr old atrocity victim) visit to Washington--media interviews, Congressional visits, possible photo-op with First Lady (March 6-8) (completed).	State/LPD (Gomez) (Kuykendall) (WH/OPL)

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March 9-15, 1985

Event	Responsibility
WH/Legislative Affairs, State/H and ARA complete list of key Congressmen interested in Nicaragua.	State/H(Ball/Fox) WH/LA State/ARA (Michel/Holwill)
Intelligence briefing for White House Administration and senior staff by CIA (Vickers, Room 208, OEOB, 30 minutes).	NSC (North)
Brief Presidential meeting with Lew Lehrman and other leaders of the influence groups working on MX and resistance funding.	NSC (Raymond) (North)
State/LPD and WH Media Relations prepare a list of key mediaoutlets interested in Central American issues, including newspapers, radio, and TV stations (including SIN). Where possible identify specific editors, commentators, talk shows, and columnists.	NSC (North) State/LPD (Miller)
NSC update talking points on aid to Nicaraguan freedom fighters.	NSC (North)
Briefings in OEOB for members/Senators: Shultz, McFarlane, Gorman, and Shlaudeman to brief Lehman (requires General Gorman to be placed on contract).	NSC (North) (Lehman)
Call/visit newspaper editorial boards and give them background on the Nicaraguan freedom fighters.	State/LPD(Reich) WH/PA NSC (North)
Brief OAS members in Washington and abroad on second term goals in Central America. Explore possible OAS action against Nicaragua.	OAS(Middendorf) NSC (Menges) State/LPD(Reich)
VP at Brazilian inauguration. Discuss possible OAS initiative on Nicaragua with Core Four, Colombia, Brazil, and Uruguay (March 15 and 16).	VP (Hughes)
Prepare a "Dear Colleagues" ltr for signature by a responsible Democrat which counsels against "negotiating" with the FSLN.	NSC (Lehman)

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March 16-22, 1985

Event	Responsibility
Results due on public opinion survey to see what turns Americans against Sandinistas (March 20).	NSC (Hinckley)
Joachim Maitre--Congressional meetings, speeches, and op-ed pieces.	State/LPD (Kuykendall)
Review and restate themes based on results of public opinion poll.	State/LPD (Reich) NSC (North) (Raymond)
Presidential drop-by at briefing for American evangelicals on MX and Nicaraguan resistance.	WH/OPL (Reilly) NSC (North)
Congressional hearings (Foreign Relations/Affairs) and testimony by Nicaraguan emigres and atrocity victims.	WH/LA NSC (North) (Lehman)
Prepare document on Nicaraguan narcotics involvement.	Justice (Mullen)
SSCI CODEL Boren, Rockefeller, McConnell, and Wilson [redacted] for meetings with resistance (March 15-19).	NSC (North) (Lehman)
VP in Honduras; meeting with Pres Suazo (March 16).	VP (Hughes)
Argentine state visit; President emphasize need for OAS case (March 19).	WH (Elliott)
Pastora and Calero meeting with Congressional Hispanic Caucus (Jorge Mas) (March 20).	
Production and distribution of La Prensa chronology of FSLN harassment.	State/LPD (Reich)

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N 40307

March 23-31, 1985

Event	Responsibility
Rev. Vallardo Antonio Santeliz (Pentecostal Minister atrocity victim)--Congressional/ media meetings (March 22-23).	State/LPD (Kuykendall) (Gomez)
McFarlane, Friedersdorf meeting with key Congressional leadership (Rm 208 or WHSR) to brief situation and proposed course of action (March 23-25).	WH/LA NSC (Lehman) (North)
Presidential breakfasts, lunches, and WHSR meetings with key Congressional leaders (March 24 through vote).	
Pedro Juaquin Chamorro (Editor La Prensa) U.S. media/speaking tour (March 25-April 3)	State/LPD (Miller/Gomez)
President to meet in Room 450 w/"Spirit of Freedom," concerned citizens for Democracy. Representatives from 8 countries (180) (March 25).	
Release of DOD/State paper on Soviet/Cuban/ Nicaraguan intentions in the Caribbean; possible WH backgrounder.	State/LPD(Reich) WH/PA (Sims)
Distribute Bernard Nietschmann paper on suppression of Indians by FSLN.	State/LPD
Antonio Farach (Former FSLN Intelligence Officer)--media and Congressional meetings regarding Sandinista espionage, intelligence activities.	Republican Study Committee
Invite [redacted] to a very private meeting in Texas with key Congressional leaders so that CODEL can hear unvarnished concerns re Sandinistas and Democratic leaders' support for the FDN.	(Kuykendall) NSC (North)
Release paper on Nicaraguan media manipulation.	State/LPD
Publish and distribute as State Department document Nicaragua's Development as Marxist-Leninist State by Linn Poulsen.	State/LPD (Reich)
Declassify Nicaragua's Development as a Marxist-Leninist State by Linn Jacobowitz Poulsen for publication as State Department document (clearance request w/Casey).	State/LPD (Blacken)

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April 1-7, 1985

Event	Responsibility
Request Bernard Nietschmann to update prior paper on suppression of Indians by FSLN (to be published and distributed by April 1).	State/LPD (Blacken)
AEI: Sponsor media events w/print and television media for Central America resistance leaders (April 1-7).	State/LPD (Reich) WH/OPL (Reilly)
European Parlimentary delegation to meet with President Reagan (April 2).	National Forum Foundation WH/OPL (Reilly)
Visit by Colombian President Betancur (April 3-4); possible Joint Session speech by Betancur.	
Proposed Presidential television address on Nicaragua (April 4).	WHSpeechwriters (Elliott) NSC (North)
Second round of SFRC hearings on Soviet build-up in region (Helms) (prior to recess).	State/H
CODEL visits during recess (April 4-14). Nicaraguan refugee camps in Honduras and Costa Rica (include visit to freedom fighter base camp and hospital [redacted]	NSC (North) (Lehman)
CODEL visit during recess (April 4-14) with regional leaders of Central America. Regional leaders convey importance of resistance fighters in NU.	NSC (North) (Lehman)
Administration and prominent non-USG spokesman on network shows regarding Soviet, Cuban, East German, and Libyan, Iranian connection with Sandinistas.	WH/PA (Sims) WH (Buchanan) State/LPD
Publish updated "Green Book;" distribute personally to Congressmen, media outlets, private organizations, and individuals interested in Nicaragua. Pass to Lew Lehrman and other interested groups.	State/LPD(Reich) WH/LA State/H (Fox)
Distribute paper on geopolitical consequences of Communist domination of Nicaragua.	State/LPD
Release paper on Nicaraguan drug involvement.	State/LPD (Blacken) NSC (North)

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N 40309

April 8-14, 1985 (During recess)

Event	Responsibility
25 Central American spokesmen arrive in Miami for briefing before departing to visit Congressional districts. Along with national television commercial campaign in 45 media markets.	CFA (Abramoff)
Targeted telephone campaign begins in 120 Congressional districts. CITIZENS FOR AMERICA district activists organize phone-tree to targeted Congressional offices encouraging them to vote for aid to the freedom fighters in Nicaragua.	CFA (Abramoff)
Lew Lehrman speaking tour of major U.S. cities.	CFA
Telephone campaign.	
Central American spokesmen conduct rallies throughout the country in conjunction with CITIZENS FOR AMERICA activists (starting April 12).	CFA
Nationally coordinated sermons about aid to the freedom fighters are conducted (April 14).	
Naval Institute Seminar in Newport, RI (Lugar, McFarlane [April 12]).	

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April 15-21, 1985

Event	Responsibility
Nicaraguan Refugee Fund (NRF) dinner, Washington, DC; President as Guest of Honor (April 15).	State/LPD (Miller) NSC (Raymond)
Presidential report to Congress on reasons for releasing funds to freedom fighters (April 15).	NSC State
AAA available to Washington press.	State/LPD (Gomez)
Central American spokesmen visit Congressional offices on Capitol Hill (April 16).	Abramoff
SFRC Nicaraguan issues, open hearing (April 16-17).	
Washington conference "Central America: Resistance or Surrender" (Presidential drop-by?) (April 17).	NSC Abramoff
Barnes' subcommittee hearing on Nicaragua; Motley, public witnesses (April 18) (2170 Rayburn, 2:00 p.m.).	
Presidential Radio Address (April 20).	WH (Elliott)

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April 22-29, 1985

Event	Responsibility
House Appropriations (Obey subcommittee) intelligence brief on Central America/ Latin America (April 23).	
Obey subcommittee (panel on Central America), public witnesses (a.m.)/Administration witnesses (p.m.) (April 24).	
Major rally in the Orange Bowl in Miami, Florida, attended by President Reagan and important Administration figures (April 28).	Cuban American National Foundation State/LPD (Reich)
Presidential calls to key members.	WH (Friedersdorf) NSC (Lehman)

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April 30, 1985

Event	Responsibilit
Vote in the U.S. Congress on aid to the Nicaraguan freedom fighters (April 30).	WH(Friedersdor NSC (Lehman)
President leaves for Europe.	

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March 20, 1985
N 40315

PUBLIC DIPLOMACY PRESIDENTIAL EVENTS REGARDING NICARAGUAN RESISTANCE

Event	Responsibility
March 16-22, 1985	
Argentine state visit; President emphasize need for OAS case (March 19).	WH (Elliott)
March 23-31, 1985	
Presidential breakfasts, lunches, and WHSR meetings with key Congressional leaders (March 24 through vote).	
President to meet in Room 450 w/"Spirit of Freedom," concerned citizens for Democracy. Representatives from 8 countries (180) (March 25).	
April 1-7, 1985	
Visit by various members of European parliments who support the President's policies in Central America (April 2).	NSC (Raymond) WH/OPL (Reilly)
Visit by Colombian President Betancur (April 3-4); possible Joint Session speech.	
Presidential television address on budget (April 4).	WHSpeechwriters (Elliott)
Presidential meeting with AAA.	NSC (North)
April 15-21, 1985	
Conference on religious freedom; Presidential drop-by in Rm 450, OEOB.	NSC (Raymond)
Nicaraguan Refugee Fund (NRF) dinner, Washington, DC; President as Guest of Honor (April 15).	State/LPD (Miller) NSC (Raymond)
Presidential report to Congress on reasons for releasing funds to freedom fighters (April 15).	NSC State
Possible Presidential meeting with AAA.	NSC (North)
Possible Presidential visit with former Central American Presidents, Foreign Ministers, and Presidential candidates.	NSC (North) S/LPD (Reich)
Presidential Radio Address (April 20).	WH (Elliott)

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Event	Responsibility
April 22-29, 1985	
Proposed visit to Washington by Presidents Monge, Duarte, and Suazo.	NSC (North) S/ARA (Michel)
Presidential calls to key members.	WH (Friedersdorf) NSC (Lehman)
Major rally in the Orange Bowl in Miami, Florida, attended by President Reagan and important Administration figures (April 28).	Cuban American National Foundation
April 30, 1985	
Proposed Congressional vote; President leaves for Europe.	

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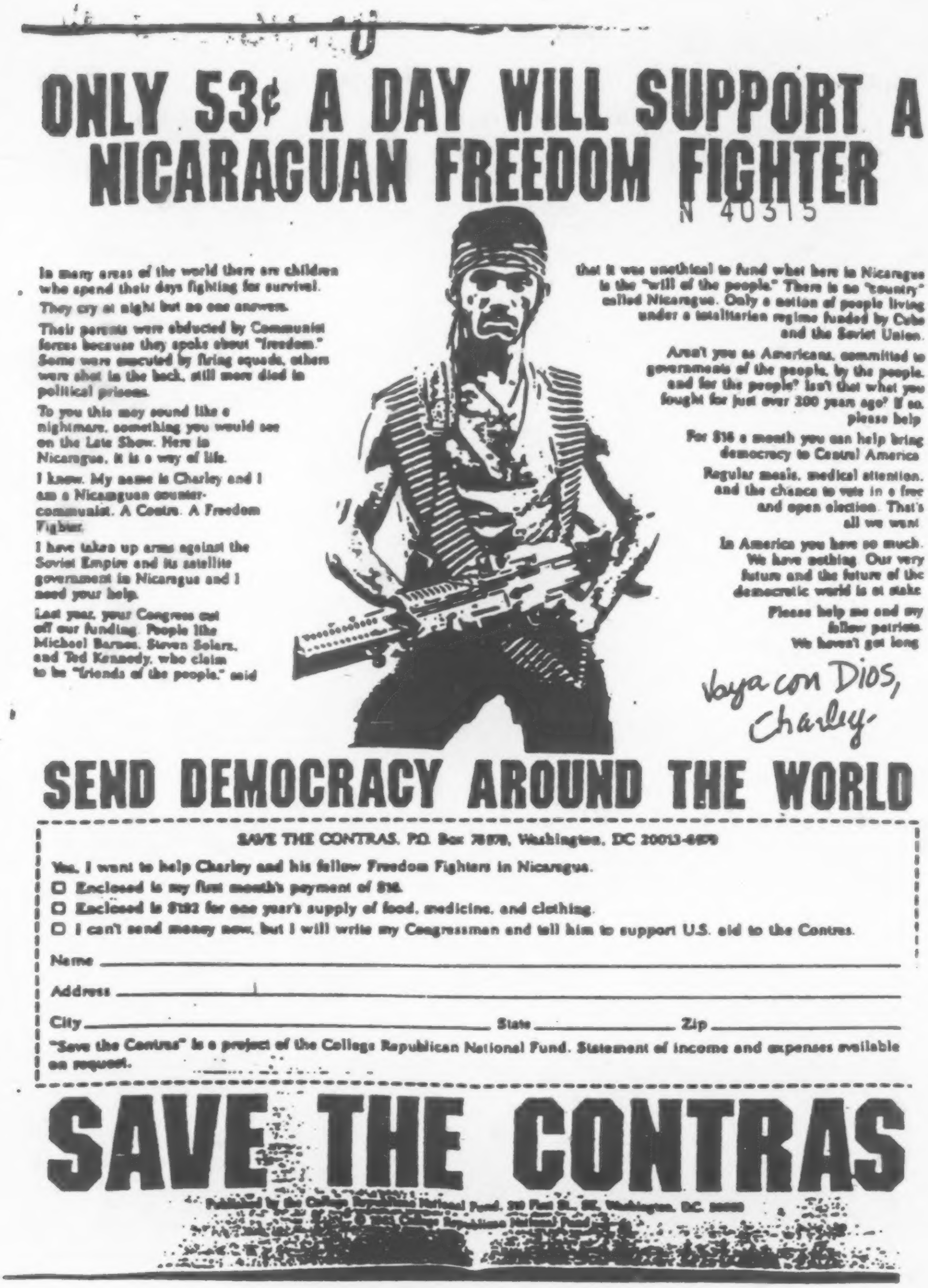

ONLY 53¢ A DAY WILL SUPPORT A NICARAGUAN FREEDOM FIGHTER

N 40315

In many areas of the world there are children who spend their days fighting for survival.

They cry at night but no one answers.

Their parents were abducted by Communist forces because they spoke about "freedom." Some were executed by firing squads, others were shot in the back, still more died in political prisons.

To you this may sound like a nightmare, something you would see on the Late Show. Here in Nicaragua, it is a way of life.

I know. My name is Charley and I am a Nicaraguan counter-communist. A Contra. A Freedom Fighter.

I have taken up arms against the Soviet Empire and its satellite government in Nicaragua and I need your help.

Last year, your Congress cut off our funding. People like Michael Barnes, Steven Solarz, and Ted Kennedy, who claim to be "friends of the people," said that it was unethical to fund what here in Nicaragua is the "will of the people." There is no "country" called Nicaragua. Only a nation of people living under a totalitarian regime funded by Cuba and the Soviet Union.

Aren't you as Americans, committed to governments of the people, by the people, and for the people? Isn't that what you fought for just over 200 years ago? If so, please help.

For $16 a month you can help bring democracy to Central America.

Regular meals, medical attention, and the chance to vote in a free and open election. That's all we want.

In America you have so much. We have nothing. Our very future and the future of the democratic world is at stake.

Please help me and my fellow patriots. We haven't got long.

Vaya con Dios,
Charley

SEND DEMOCRACY AROUND THE WORLD

SAVE THE CONTRAS, P.O. Box 78878, Washington, DC 20013-6878

Yes, I want to help Charley and his fellow *Freedom Fighters* in Nicaragua.

☐ Enclosed is my first month's payment of $16.

☐ Enclosed is $192 for one year's supply of food, medicine, and clothing.

☐ I can't send money now, but I will write my Congressman and tell him to support U.S. aid to the Contras.

Name ______________________________

Address ______________________________

City ______________________ State ____________ Zip ____________

"Save the Contras" is a project of the College Republican National Fund. Statement of income and expenses available on request.

SAVE THE CONTRAS

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EXHIBIT GPS-80

MEMORANDUM

NATIONAL SECURITY COUNCIL

NAME	REPRESENTING	PHONE #
OLIVER NORTH	NSC	395-3345
NESTOR SANCHEZ	DOD	697-5884
Frank Gómez	I.B.C.	387-3002
RICH MILLER	I.B.C.	387-3002
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WALT RAYMOND	NSC	395-6900
Johnathan Miller	State	632-3220
Jeff Bell	CfA	544 7888
Jack Abra— M	CFA	544-7888

EXHIBIT
GPS-80

EXHIBIT GPS-81

EXHIBIT
GPS-81

July 1, 1986

TO: Spitz Channell

FROM: Bruce Cameron, Center for Democracy in the Americas

RE: Why the President Won on Contra Aid

I. In part, it was the President who won contra aid in the House last week: His phone calls and other contacts with Members made a difference. "When a President gets to the point that he can pinpoint 20 people and work face to face with them, he's hard to stop," Tip O'Neill was quoted as saying. "One fellow said he had never spoken to a president and he was awed. How do you turn down a president?" (Of the 11 Members who rejected contra aid in March and made the differnce this time by voting "yes," we note three Members -- Carroll Hubbard (D-KY), Chalmers Wylie (R-OH), and Larry Hopkins (R-KS) -- who turned because of a Presidential plea.)

Unacknowledged by the Speaker was the President's address June 25, the day before the vote. The speech, written by former Mondale adviser Bernard Aronson, cannot account for one vote in favor, but it established a high moral ground and the intellectual basis for the bipartisanship. The next day the New York Times changed its tone, if not its position, on contra aid 180 degrees. Majority Whip Tom Foley was forced to pay his respect to the President on the House floor, and House debate proved surprisingly civilized. All of this favored the consideration of some form of aid, forcing members to focus on the merits of the aid amendments.

Still, Wednesday's 221-209 victory cannot be attributed wholly to last-minute White House lobbying. The groundwork for this vote was being laid over a period of months. In this regard, three events stand out:

1. **The appointment of Ambassador Habib:** Habib had great credibility among House moderates, including Rowland, Snowe, Wylie, Frenzel, and Bustamante. By mid-June he had been working Central America over two months; he made the term good faith diplomatic effort, and its exhaustion, more meaningful. In a memo last May (1985), I called for the appointment of a special envoy to Central America who was credible to Democrats.

2. **In May, three weeks of meetings between Arturo Cruz, Alfonso Robelo, and Adolfo Calero, the three principals of UNO, and the FDN political directorate.** These meetings set in motion a series of measures (yet to be tested) that could give more clout to non-FDN forces (Cruz and Robelo, with whom most Members identify), establish democratic procedures within UNO, and build a credible international image -- something the FDN could never do. As you know, I was in Miami 10 days out the three weeks; twice I helped intervene

with Robelo and Cruz to keep the talks on track. I have since learned that the announced changes by UNO impressed Congressmen Ray, Aspin, and Bustamante, three Democrats who switched in favor of contra aid. The meetings and the changes neutralized opposition to the "contras" by making UNO reform a matter of open debate. And the modest reforms that were produced, which the Administration said it would encourage, showed the Adminstration could make good on its promise. By mid-June only Members who were going to vote for Barnes/Hamilton could only disingenuosly question the reality of UNO reform.

3. The McCurdy congressional delegation (codel) to Central America in early June. I convinced McCurdy to lead a codel in mid-May in the hope of acquainting swing members with the leaders of Central America's new democracies and letting these members decide for themselves the viability of Contadora. All 13 Members came away horrified by the Sandinistas (they met with Daniel Ortega) and recognizing them as the real obstacle to peace in Central America. It was also acknowledged that the Central American four -- on their own, rather than under Contadora nations auspices -- were the appropriate managers for any Central American treaty arragement. (In fact, when Contadora broke up June 6, it chose to lay low and pass the diplomatic ball to the Central Americans; thus Contadora played almost no role in the debate on House floor June 25).

Four members on the trip switched their vote in favor of military aid to the contras -- Snowe (R-ME), Bustamante (D-TX), Rowland (R-CT), and Ray (D-GA). Reportedly, Frenzel (R-MN) also switched because of influence from Ray and Snowe. I went to Guatemala to insure that President Cerezo would meet with Members on their visit.

All Members on the codel became convinced that any aid package to the contras had to include increased economic support for Guatemala, Honduras, El Salvador, and Costa Rica as well. This new regional dimension proved extremely popular; the inclusion of economic aid to the region's democracies in the Skelton/Edwards amendment provided enough compromise and political cover for Rowland (R-CT), Frenzel (R-MN), and Wylie (R-OH) to vote for the substitute amendment.

II. Against this background the Skelton/Edwards proposal, not the McCurdy bill, made more sense. Both proposals established a Bipartisan Commission that monitors negotiations, etc.; both called for more accountability of U.S. funds to the resistance, both gave large sums of economic aid to CA democracies. The difference turned on a second vote for military aid. McCurdy's second vote on October 1, 1986 on military aid was untenable. Few members wanted to vote on contra aid again so close to the November elections. The resistance's need for anti-air defenses up front were imperative; their absence in the McCurdy bill hardly provided an incentive for the Sandinistas to consider negotiating (just the opposite). And yet the Democratic leadership would not budge on this issue. Bustamante, Rowland, and Snowe consequently parted company with McCurdy. Robin Tallon (D-TN) and Dan

Mica (D-FL), thought to have been wavering, never joined the leadership.

Meanwhile, Skelton/Edwards provided both military aid up front and another vote on additional military aid, including the delivery of heavy weapons next February. Essentially, this was the compromise position I had advanced in May, though with different figures: $55 million, including military aid, up front; $45 million released upon a second vote. McCurdy and some Members close to him never accepted this idea, perhaps because of pressure from the House leadership. I had hoped that a modification -- a Presidential letter promising to respect a two house vote of disapproval next February -- would cause more Democrats to endorse Skelton/Edwards. This idea also proved unacceptable.

In fairness to McCurdy, it should be noted that Skelton/Edwards attracted votes by taking whole key sections of the basic McCurdy draft -- e.g., the economic aid package, the Bipartisan Commission. Also, McCurdy succeeded in forcing the House leadership to hold another vote on contra aid first after the President's request was defeated in March and then after the April vote was aborted by the Republicans.

III. Some remarks on the members who switched their votes on contra aid.

Eleven members who previously voted against the President's package in March switched in favor of the administration's proposal. They included six Democrats -- Les Aspin (WI), Mario Biaggi (NY), Albert Bustamante (TX), Hubbard (KY), Marilyn Lloyd (TN) and Richard Ray (GA) -- and five Republicans -- Bill Frenzel (MN), Hopkins (KS), John Rowland (CT), Olympia Snowe (ME) and Chalmers Wylie (OH)

DEMOCRATS

Aspin, Lloyd, and Ray were not surprises, and were factored into our vote count, although some claim Aspin was undecided until the very last moment Aspin previously intended to vote for aid in April, following his trip to Nicaragua with Bob Leiken; it could be that the delay in his vote June 25 was to save face because the President referred to him favorably on the contra issue in his Tuesday speech. Contra reform was very important to Aspin.

Lloyd had been to the rebel base camps in March before the last vote, came back and voted against aid, though promised on the next vote she would vote for it. No big surprise, therefore, and we knew she was much influenced by Duarte's conversations with her.

Ray was one of the cosponsors of the winning amendment, a member of the codel in June, and an absolute tiger on contra reform. He personally went to Miami to evaluate the outcome of the contra meetings.

Hubbard came out publicly Tuesday afternoon and said the President had convinced him of the need for military aid.

Bustamante, a leading member of the McCurdy group who speaks Spanish, formed a bond with Central American leaders on his trip there in June. He also did not want to vote again on military aid in October.

Biaggi's yes vote is more of a mystery. According to his aide, there's no big news about the switch; he felt the President made a good case and he went with it. The New York Times quotes Biaggi as saying, "The contras are scoundrels and the Sandinstas are scoundrels...but when it comes to the national interest, a tie has to go with the President."

REPUBLICANS

Snowe was a member on the codel to Central America in June. The presentations by Cerezo, Duarte, Arias, and Azcona moved her, and the aid package to the four democracies, plus Habib, convinced her there was a regional approach.

Wylie claims to have been impressed with economic aid package. He was assured by President and Vice-President that allegations of contra corruption were unfounded and convinced by administration that Sandinistas could not be brought to negotiating table without military aid. The Sandinistas hadn't done anything in last ninety days.

Hopkins voted because of a presidential plea.

Frenzel's negative vote in March was not emphatic; it centered on lack of regional policy; this time he felt the region was addressed. Influenced by Ray, Chandler, Snowe and their terrible impression of Ortega and their positive impression of the other presidents.

Rowland doesn't regard his vote as a switch since this proposal was different, i.e., the economic aid package. Rowland himself worked with Skelton on the economic aid language. He also thought a second vote was going to have no impact on the Sandinistas and would not unite the core 4 CA countries.

Carl Russell Channell
3012 Belmont Road NW
Washington DC 20009

October 17, 1986

Mr. Mitch Daniels
Assistant to the President
for Political and Intergovernmental Affairs
White House
Washington, DC 20500

Dear Mr. Daniels:

Enclosed is some of our most current work in support of President Reagan. As I am sure you will agree, issues have been coming fast and furious. We are doing the best we can. I wish we were more successful.

On South Africa, we ran to ads in the Washington Times. We sent lobbyists to Capitol Hill to try to turn the tide and we sent scores of mailgrams to Senators asking them to sustain the President's veto. I have enclosed a copy of our newspaper ad for you.

On SDI, we ran $50,000 worth of ads in Washington, D.C. urging the Congress to increase the budget two weeks before the Iceland meeting. (Television schedule enclosed.) I personally gave a letter to the President regarding SDI. We put ads in the October 17th Washington Times and the October 19th New York Times thanking the President for his support of SDI. In addition to these television efforts, we have just spent $60,000 on newspapers.

On the campaign, we are supporting candidates who endorse SDI. This will involve the use of radio and television in 7 states beginning the week of October 20. If you wish to see our ads, they'll be available Tuesday afternoon on October 21. Please call me at 662-8700 if you want copies of the ads. We hope to spend $300,000 the last ten days.

The National Endowment for the Preservation of Liberty, my lobbying group Sentinel, and my two federal pacs, Anti-Terrorism American Committee and the American Conservative Trust, have all been involved in the above projects to support the President's agenda. If we can be of help to you in the future, we welcome the opportunity.

Very sincerely,

Spitz Channell

October 24, 1986 08:09 ACT/NEPL (10/23/86) page 1

File ACT/NEPL TODO

I. Western Goals/Network America

~~A. look into Watson computer phone answering system~~

B. get endorsements for Network America

C. solicitation strategy

1. we're not being militant enough

2. review hi dollar contributor results (Liam)

3. send a letter on Hasenfus out ASAP

D. Western Goals report to Barbara Newington

E. Larry McDonald Memorial Project

F. Western Goals: 4 page newsletter of Network America

1. Angela: input proposal on computer

G. press pass for Tom Wahle

H. design Western Goals fund raising plan

I. Kuykendall: letter from Steve Symms supporting Network America — John's contributor

J. McIlhany: owes Western Goals money (advance against a book never written)

II. Hill Potomac Group

A. send letter to prospects asking them to become clients

III. Rich Miller

A. What will be the extent of the Freedom Fighter's public relations program in 1987?

IV. David Fischer

- A. Meese meeting
- B. RR thank you letter
- C. RR thank you meeting
- D. John & Nancy Ramsey meeting
- E. Pentecost meeting
- F. Dole meeting: after November 4th

- Nixon letter
- B. Newington state dinner
- Bill Simon
- list of conservative organizations
- Meese: meeting after nov 4th.

V. Curt Herge

- A. laws of European philanthropy
- B. what UNO can and cannot do in the US (what are State Department restrictions?)

VI. Bill Forlenza

- A. rent 41,000 names & 9,000 Western Goals contributors
- B. send SDI letter out ASAP
- C. analysis of Western Goals direct mail to contributors
- D. Forlenza: Western Goals Status Report (extra copies)

VII. Nicaragua

- A. develop a plan for the Nicaraguan War Information Service
    - 1. daily video tapes (actualities)
    - 2. follow the model of Afghanistan
    - 3. research books on how press treated Vietnam
        - a. Mike Iacobellis: literature on press treatment of Vietnam in scholarly journals
    - 4. RR to make an aggressive speech

a. nobility of the Freedom Fighters' cause

b. we're there to get rid of a Communist regime

c. give Green an outline of the speech on Tuesday

d. RR should change the context

i. don't let the left do it

e. RR should have UNO there

B. Bob Kagan: State Dept: get an appointment for the last week of October re: Nicaraguan Support Group (by conservatives)

C. Wesley Smith: contact for CAFP program

D. design CAFP program for Jan - March

VIII. SDI

A. "Pledge to Support SDI to the End": membership campaign

B. meetings to arrange

1. Richard Perle
2. Bud McFarlane
3. Ed Luttwak
4. Kuykendall

C. Whittle Johnston

D. Lichtenstein: review Sentinels proposal

E. Q: what is the role of direct mail in educating the population? (vs. tv, radio, newspaper)

1. budget: $150,000 per week.
2. ask Goodman, Blakemore, Finklestein

August 15, 1986

Mr. Robert Kagan
Bureau of Inter-American Affairs
U.S. Department of State
Washington, DC 20520

Dear Bob:

This is in regards to the IAPA meeting in Vancouver, B.C. in September.

Best,

Penn Kemble

United States Information Agency

Washington, D.C. 20547

USIA

December 12, 1985

Mr. Penn Kemble
Institute for Religion and Democracy
Suite 930
729 - 15th St., N.W.
Washington, D.C. 20005

Dear Mr. Kemble:

Thanks very much for accepting our invitation to meet with the USIA officers who will be returning from Central America this weekend. The meeting is set for December 16, and the session in which you will be participating is scheduled to begin at 3:45 p.m.

The USIA building is located at 301 - 4th St., S.W., an easy walk from the Federal Center S.W. Metro stop. Please ask the security guard to telephone my office (485-8644) from the lobby so that we can clear you into the building.

The objective of this orientation program is to help key USIA officers stationed in Europe develop the capability to explain and defend U.S. Central American policy more effectively at their posts. During twelve days in the region they will have met with key leaders and observed each of the five countries first-hand. The meeting in Washington is to provide an opportunity for them to report their observations while still fresh and to share views with Washington officials and others involved in Central American issues.

The session in which you and Bob Leiken will participate should provide additional perspectives and a chance to discuss them. I would suggest that you plan to speak briefly (10-15 minutes) about how you see PRODEMCA's role developing. Bob Leiken will make an equally brief statement about the situation in Nicaragua. And the remainder of the meeting, hopefully, will be devoted to questions to both of you and to discussion.

I hope you find this a useful way to proceed.

Looking forward to seeing you,

Sincerely,

Donald E. Mathes
Deputy Director, Policy Staff

EUROPEAN PERSPECTIVES ON CENTRAL AMERICA

Washington Program Day
for
EU PAOs
Central America Orientation Tour
December 16, 1985
Room 800 - USIA

8:45 a.m.	Welcome - Director Wick Introductory Remarks - Michael D. Schneider, Acting Associate Director for Programs
9:15 - 10:45	On-site Observations/Public Diplomacy Issues PAOs De-briefing and Discussion Moderator: Philip W. Arnold, Chief, Policy Guidance Staff (P/G)
10:45 - 11:00	Coffee
11:00 - 12:00	Latest Polling Data on Central America Issues Dr. Nils Wessell, Director, Office of Research (P/R)
12:00 - 2:00	Lunch
2:00 - 3:30	Public Diplomacy Strategy for Europe Discussion leader: Amb. Otto J. Reich, Coordinator of Public Diplomacy for Latin America and the Caribbean (S/LPD), Dept. of State
3:30 - 3:45	Coffee
3:45 - 5:00	Other Perspectives Views from Private Sector Observers Mr. Robert S. Leiken, Senior Associate Carnegie Endowment for International Peace Mr. Penn Kemble, Founder and Member of the Executive Committee, Friends of the Democratic Center in Central America (PRODEMCA)

****

IX. Taiwan

A. Mike: statements of Congressmen and Senators who're supportive of Taiwan

B. request a list of Congressmen and Senators who're supportive of Taiwan from the embassy

X. Constitution

Mike Iacobellis

A. ~~Craig Smith:~~ Statue of Liberty list

B. Rick Manning: National Rifle Association may want to co-sponsor our Constitutional Minutes

C. design Constitution Project

D. phone #: (202) PATRIOT

Forbes 400 list by Nov 5th.

XI. Nicaraguan Book

A. The Struggle for Nicaragua

B. Contributors

1. Charles Robb

2. Henry Kissinger

3. Uri Orlov

4. Chevechenko

XII. Administration

A. Mari Maseng: RR letter response

B. reservations at Heritage Foundation: Nov 17 & 18

C. CRC: Richard Nixon letter

D. Kris: President's Club article from Fund Raising Management

E. Warms: 1988 contribution report

SCHEDULE E

ITEMIZED INDEPENDENT EXPENDITURES

(See Reverse Side for Instructions)

Page 1 of 1 Pages

Name of Committee (in Full): AMERICAN CONSERVATIVE TRUST

I.D. No.: C00170837

Full Name, Mailing Address & ZIP Code of Each Payee	Purpose of Expenditure	Date (month, day, year)	Amount	Name of Federal Candidate supported or opposed by the expenditure & office sought
Ram Films, Inc. Merry Hill Stevenson, MD 21153	Television production & placement	10/28/86 10/31/86	14,000.00 11,000.00	Paula Hawkins Senate/Florida ☒ Support ☐ Oppose
Robert Goodman Agency 2201 Old Court Road Baltimore, MD 21208	Television production & placement	10/28/86 11/06/86 11/07/86	14,000.00 6,000.00 8,000.00	Tim Wirth Senate/Colorado ☐ Support ☒ Oppose
Ram Films, Inc. Merry Hill Stevenson, MD 21153	Television production & placement	11/06/86	4,000.00	Jeremiah Denton Senate/Alabama ☒ Support ☐ Oppose
				☐ Support ☐ Oppose
				☐ Support ☐ Oppose
				☐ Support ☐ Oppose

a SUBTOTAL of itemized independent expenditures $ 57,000.00

b SUBTOTAL of unitemized independent expenditures $

c TOTAL independent expenditures $ 57,000.00

[illegible]

Subscribed and sworn to before me this [illegible]

[illegible]

[illegible]

A 0080648

Secret Conference

Meet Ludvak on Monday.
20K rel. Conference gives Ollie
20K Anderson 10K.
30K ONeil → exclusive Newspaper.
5-10K. Salvatori
10K Barbara Christian - [illegible] told me to call

Tell Dan meet w/ Ludvak
Monday with David Fischer/Clc/Etc.

95 By Thursday.

Hire Fisher to Bring us
all over to W.H. To meet
w/ RR.

RE ACF/IARM - Ollie
Said this was good idea.

Barbara New. 207 869 6656
Call Thursday
→ Green. Set up before he
disappeared - Green will show
up - We will get $ for gift
for him - We need for gift
30 K make possible. PRIVATE

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FILLER NO. 7881

~~1. Steve to Call~~ —
1. Roberts in Wash Times
2. UNO Natl [illegible]
3. Dinner w/ Spitz & 2A's
4. 13,300 DK medical
5. David — Poindexter
   — Wick
   = Mrs.
6. Blacken — Jac. Coldridge — NOLA
7. Camera crew died
8. Aspin in the Camp w Lisher
9. Dougherty
10. Craig/Bunnedy
11. Registration for UNO / IBC financial / WCLF/.
12. Jorlas asking for money | Chris Lemon —
→ 13 Elliott & Kagan

40,000 NV ?
640,000 + 650,000 to Lake

4388

    1. maybe Green will refer us to an International lawyer in Geneva

D. briefing contact for SDI to be referred by Green

    1. Sven Kraemer, NSC: invite to lunch at Hay-Adams

    2. Green will brief Sven first

E. will recommend executive director for Western Goals

F. call Dick Stone (banker), 338-0663 (H) -- contributor prospect

    1. have Fawn have Green call Stone first

G. calls to make:

    1. Ellen Garwood

    2. John Ramsey

    3. David & Paula Warm

H. trip to Dallas & Corpus Christi

    1. Bill Carls

    2. Bunker Hunt

    3. Mrs. King

I. Christian Broadcasting Network re: half-hour broadcast for Spitz

    1. network into their radio & tv feeds

    2. Pat Robertson

    3. Green to contact

J. Congressman from mid-TX re: contributor prospect

7 K. Secretary of State contributor referral, see Elliott Abrams

L. Sasakawa research

M. O'Boyle: Douglas process for oil extraction from low producing wells

This is a political struggle

Public Affairs Strategy

for

Spitz Channell & NEPL

Army
weapons
strategy
Action

Introduction

This document is a strategy paper designed to help NEPL and you defuse the controversy caused by the recent libelous accusations made against you. This a prepared with consultation from several of your senior consultants and reflects our best judgment on the means to put these scurrilous charges behind you. We suggest you review this document with your attorney, advertising agencies and other consultants not part of IBC, David C. Fischer & Associates, and the Kuykendall Co.

PREMISES:

1. The Iranscam money charge made anonymously by Senator Kerry and picked up by the Lowell Sun, Miami Herald, UPI and NBC-TV, as well as in lesser degree other major news organizations is a lie.
2. The accusation, coupled with the above charge, that Lt. Colonel North coordinated your educational and campaign expenditures is patently false.

FACTORS GOVERNING STRATEGY:

1. Liberal Democrats on Capitol Hill have used, and will continue to use, the charges to strip you of your ability to help the President.
2. Conservatives and conservative fundraisers are angry that you raised money from people they must count on for contributions and therefore have dried up as a funding source for them.
3. You are the head of several diverse organizations and are the single focus of this and future news stories.
4. Some of your consultants and ad people have confused the issues with reporters and your statements have been used largely to reinforce the notion of North's control over your activities.
5. You have an arsenal of truth and an army of supporters. But they must be mobilized.

CONCLUSION:

We must begin a three-track program designed to defuse the original allegations, cut off Congressional action against you and put you back on an even keel.

The three tracks are as follows:

TRACK 1 - IRANSCAM ALLEGATION
JANUARY 15 - 16, 1986

CONTROLLED RELEASE - Through a controlled media release using selected interviews, we will demonstrate the dubious nature of these allegations. With the Coopers & Lybrand income audit, we will destroy the allegation that you got Iranscam money. In the same interviews we will drop the fact that we are preparing libel proceedings against the Lowell Sun, UPI, Knight Ridder and possibly NBC-TV. This will demonstrate our credibility and make it possible to deny, believably, that North coordinated your activities.

The present list does not include reporters we might select from the stack of messages you received. They are as follows:

CBS-TV --
Washington Post -- Tom Edsal
The New York Times -- R.W. Apple
Wall Street Journal --
Baltimore Sun -- Karen Hurser
New Republic -- Fred Barnes
Human Events -- Tom Winter
Time -- Barry Seaman (Still open for discussion)
AP -- (Still open for discussion)

After the interviews are completed and we have gone through one news cycle, the consulting team will present one of two options for the announcement of the 1987 Central American Freedom Program:

OPTION 1) - News Conference, January 19 or 20
National Press Building

OPTION 2) Controlled Release, January 19-21
With Political Writers and Editors

TRACK II - CONGRESSIONAL FOES AND FRIENDS
JANUARY 5-23

The select committees are not even convening until late January and early February. But, during this time, staff members will be picking their targets. We should move quickly to reassure our friends and to placate our new-found antagonists.

Briefing Books

- We will use copies of checks until the Coopers & Lybrand audit is through, and only with trusted friends. The schedule of meetings and who will attend will be handled by Dan Kuykendall in conjunction with Lyn Nofziger and I.B.C. The present targets are broken out in three categories: our friends who can publicly support us now; reasonable members who have not supported us but are men of fair play; and our new antagonists who should be forced to see the truth. The list includes all the contact possibilities.

FRIENDS

Broomfield -	Dan Kuykendall (DK)
Trent Lott -	Dan Kuykendall
Dick Cheney -	Dan Kuykendall
Bob Dole -	DK, Dave Fischer, Lyn Nofziger
Bob Michel-	Dan Kuykendall
Orrin Hatch -	Dave Fischer, Dan Kuykendall

RESPONSIBLE MEMBERS

Dante Fascell -	DK, Steve Schwartz, Penn Kemble
Sen. Boren -	Bruce Cameron, Penn Kemble
Sen. Rudman -	Dan Kuykendall
Sen. Trible -	Dan Kuykendall
Bill Richardson-	Frank Gomez
Kika de la Garza -	Dan Kuykendall
Claude Pepper	Penn Kemble, Denise O'Leary
Dan Mica	Penn, Denise O'Leary, DK
Sen. Graham	Denise O'Leary, Steve Schwartz
Dave McCurdy -	Penn Kemble, Bruce Cameron
Ike Skelton -	Pen Kemble, Bruce Cameron
Bustamante -	Dan Kuykendall

-Wright?

ANTAGONISTS

Unreasonable
Senator Metzenbaum
Senator Kerry

Leahy?

Reasonable
Jake Pickle
Cong. Coleman

When these are each contacted and the Coopers & Lybrand audit is made public, the issue will be greatly defused on Capitol Hill.

TRACK III - POLITICAL TRACK
JANUARY 5-20

The White House, State Department and NSC must be reassured that there is no validity to these charges. All your consultants will be contacting past and present officials to share the Coopers & Lybrand audit with them and to create an understanding of the different organizations and media used in your programs. In this way, we can start some independent sources feeding the journalists at the same time we establish a reservoir of sympathy among Reagan supporters for the terrible way NEPL was libelled. There will be no list and each consultant will be responsible for his own contacts.

We will reconvene a full strategy group next week to begin preparation of documents and videotapes for the media. We counsel that until that time you refuse all interviews.

Barnes - WANTS Indict Ollie
Watergate babies - WANT TO GET AT The Pres
through Ollie
WANT Another Watergate
Put Barnes out of Politics
If we get rid of Barnes we get rid of the
ring leader and rid of the problem.

Look
BARNES
up in
Almanac
of Amer
Politics

Special PAC to do only 1 thing only
TO AID Congress of Congressmen That
are trying to undermine President in his
anti - terrorist Policies
Barnes trying to Indict Ollie - WANTS
to get at RR - Trying to use RR
to elevate his Senate Campaign -
If we can beat him he's out of
Congress.

A 0037851

Giddens Re

CIA, Nic, Embassy Security,

Destroy Barnes - use him as object lesson
to others
- RR informed on his return -

$60K to Ollie ASAP

Bass Brothers: Green

Fawn: Green's Tues schedule
395-2000
shopping list on Mon. nite

Elliott : Mon: call Harper

601-1000
Smiley Ratliff
Grundy, VA

---

conservative fdns list

albert @ Suissa
19th + M

---

call Amb Philip Sanchez

---

amb : Soryano
4pm.
1000 Thomas Jefferson St
ste 601
"M + K"

Tom Korologos
Democrat lobbyist

have they discussed this fee agt?

2/4/86

To Do

Green: Kris re-assignment: National Guard
~~Spitz: vacation policy~~
~~Elliott Abrams: CA trip; Eli Jacobs, [illegible] mtg on 2/6~~
~~Mrs. Giddens: Jim Hulbert update~~
~~Cassidy Assoc to coordinate w/ CEH staff~~
~~dictating machine from Angela~~
~~Call Terry Dolan~~
~~Linda Quell~~
~~Jim McAvoy~~
~~Green: shopping list~~
NAB: Jim Hulbert, Mrs. Giddens
Peter Grace spot: Steve Cook
Norman Braman: Wash On-Line (Miami)
~~Edie Fraser: letter writing campaign~~
Mrs. Giddens: dinner w/ Green next wk
Venice: Evelina / Camicheria

1/29/86

Reagan
Regan
Poindexter
Abrams
North -updated briefing
~~[illegible]~~ Chavez

Channell
Conrad
Miller
Gomez: disinformatin

United States Department of State

Assistant Secretary of State
for Inter-American Affairs

Washington, D.C. 20520

October 17, 1986

Mr. Carl Russell Channell
President
National Endowment for the
  Preservation of Liberty
Suite 350 South
1331 Pennsylvania Avenue, N. W.
Washington, DC 20004

Dear Spitz:

With the passage of the Skelton-Edwards amendment in the House and the Senate's reaffirmation of its earlier support for aid to the Nicaraguan democratic resistance, we are beginning a new, historic chapter in U.S. policy toward Central America. This new hope for democracy in Nicaragua could not have been achieved without your assistance.

Your dedication to the democratic cause and your tireless efforts in telling the story of Nicaraguan suffering at the hands of the Sandinistas were crucial elements in developing the public and political awareness that resulted in Congressional victory.

You have set both a standard and a challenge to which we must all aspire if we are to be successful in Central America.

Sincerely,

Elliott

Elliott Abrams

THE WHITE HOUSE
WASHINGTON

October 22, 1986

Mr. Spitz Channel, President
American Conservative Trust
1331 Pennsylvania Avenue, N.W.
Suite 350
Washington, D.C. 20004

Dear Spitz:

As I watched events unfold in Iceland last weekend, I could not help but think of you and the day you and Dan Kuykendall shared with me your research on the Strategic Defense Initiative.

As far as I know, yours was the only organization that not only fully grasped the strategic importance of SDI but also understood the political significance of the program, as part of our rebuilding America's defenses. The research that you shared with me at that early September meeting was extremely helpful. In fact, you may have noticed that the results of your very extensive polling has been the basis for remarks that the President himself has made.

In the next couple of weeks, as the President travels across the country, he will be emphasizing the importance of a stronger America protected by SDI, our strategic defense against nuclear attack. Getting that message out is important to our keeping the Senate and, you know the Republican majority is essential to achieving the President's goals for the next two years.

Thanks again for sharing the research with me last month and for all the support you and your organization has given the President and his initiatives. It makes a difference to have friends like you.

Sincerely,

Haley Barbour
Deputy Assistant to the President
Director, Office of Political Affairs

THE WHITE HOUSE
WASHINGTON

October 28, 1986

Dear Spitz:

Congratulations on your efforts on behalf of SDI. The cause is a great one; and we shall prevail.

Best.

Sincerely,

Pat

Patrick J. Buchanan
Assistant to the President

Carl Russell Channell
2032 Belmont Road, N.W.
Washington, D.C. 20009

January 6, 1987 10:51 ACT/NEPL (1/6/87) page 1

C+L: John Silton 822-4000

I. Western Goals
    A. new letter to Western Goals contributors
        1. do a mailing on the German radio program ASAP
        2. try the report format used by Linda Guell; cover letter from a big name
    B. McIlhany: owes Western Goals money (advance against a book never written)
    C. Western Goals projects:
        1. terrorism films
        2. Nicaraguan aid letter
        3. put people on the radio (pay to put them on)
            I. Orin Hatch
            II. Jeremiah Denton
            III. problem: how far ahead of time do we book them?
    D. WG analysis: % of $ from WG contributors/NEPL contributors
II. Western Goals-Europe
    A. meet with Franz Joseph Strauss
        1. get a letter from Strauss saying "We really need you over here...(to broadcast the conservative message to all Germans)"
    B. meet with Gerhard Lowenthal
        1. 7 minute film @ Berlin wall
        2. develop a script;contact young man @ Checkpoint Charlie Museum
        3. "how the torch will mean so much to Germans"
        4. 3 minute message from Prince of Prussia
    C. radio station offer
        1. Frieborg available now
        2. Stuttgart later
        3. 10 stations in total
        4. total investment available: $60,000
            I. CRC has commited $20,000 (not due til Spring)
            II. 20-25% per year return on investment
            III. with each 5% ownership, owner gets to broadcast 1 1/2 hours per week on any subject of the owner's choosing
                a. political candidates can only be spoken about in the 2 months before the election
                b. can make political commentary at any time
        5. what is the listening audience for each radio station?
        6. how many government owned stations are there? where? how many listeners?
    D. Constitution Project
        1. $1 - 1 1/2 million is being requested to co-sponsor ads
            I. our Chief Justice resigned to participate in this project!
        2. Mercedes Benz
        3. BMW -- Strauss
        4. Lufthanza
        5. Volkswagen
        6. Die Welt (DIE WELT)
        7. Senate of Berlin
        8. Gerhard Lowenthal
        9. status of meetings with companies
    E. contact in Arlington, VA: Hanns-Seidel Stiftung/Foundation

file: ACT/NEPL TO DO

        1. formerly housed at Heritage Foundation
        2. why contact them?
    F. Prince Louis Ferdinand @ Charlottenberg
        1. get sample German invitations from Burkhard
    G. Torch for Freedom
        1. good dates to erect: June 17 or August 13, 1987
        2. find out when RR will come to Berlin for 750th anniversary
            i. best time is August 13
        3. Lowenthal: will investigate 2 ways to have the torch
        4. Lowenthal: send NEPL Nicaragua tapes ASAP
        5. professionally videotape the lighting of the torch in Berlin to show to contributors who can't attend
        6. Burkhard: photos of the Berlin wall at night (check Liam's books first)
    H. Communists at Bielefeld University
        1. send us your report
        2. get it translated
        3. what other investigations do you want to do?
        4. get Bob Dornan cover letter
        5. headline: "RR authorizes SDI research money to be given to Communist scientists" (do a memo in Linda Guell's style)
III. South Africa
    A. arrange a briefing on how to submit a bill to end sanctions on South Africa
    B. briefing on current law and how long it will last; find out if any Democrats said the current bill was horrible
    C. call Keegan in Elliot Abrams office to determine all this
    D. Kuykendall: where is present law vulnerable?
        1. how can we cripple the current sanction law?
IV. David Fischer
    A. Meese meeting
        1. first with staff person to discuss Meese's participation in the Constitution project
        2. DLC: draft of endorsement letter
        3. bring list of Constitutional law experts so Meese can pick 3
        4. schedule 3 dinners
        5. list from Honor Meese Dinner
        6. list of Eisenhower Building contributors
        7. Lyn Nofziger lists
        8. National Steering Committee membership recommendations
    B. RR thank you letter
    C. RR thank you meeting
    D. John & Nancy Ramsey meeting
    E. status of resume of Barbara Newington's friend (attorney)
    F. status of sets of photos
        1. King
        2. Garwood
    G. Bill Simon meeting
    H. Berger information: who's on Steering Committees
    I. Orin Hatch: mailing lists! -- David knows (meeting?)
    J. meeting with Justice Berger on Constitution project by Jan 15
    K. SDI meetings: David to arrange; due by end of Jan
        1. Mike Curb
        2. Joe & Holly Coors

3. Bill Marriott
4. David to make list by Jan 15 of National Sponsors
L. David will do liason work for West Germany
M. David: Bob Dole: list of 20 people to invite to Future of Freedom meetings
N. status of RR meeting with Bill O'Neil
O. Lyn or David Fischer: how are you with Regan?
1. arrange an appointment with Regan on Nicaragua
P. Lyn or David Fischer: can we get through to Joe Coors?
V. Curt Herge
A. laws of European philanthropy
B. what UNO can and cannot do in the US (what are State Department restrictions?)
C. National Rifle Association--PAC: why doesn't their report show more expenditures?
D. British foundation -- ASAP!
E. direct mail development
1. how did FCM get its direct mail off the ground (process)?
i. NCPAC
ii. High Frontier
2. to be better in direct mail, do we need more publicity?
3. do we need an important signer? Dole?
4. meeting with new direct mail people ASAP
VI. Bill Forlenza
A. analysis of Western Goals direct mail to contributors
1. Viguerie meeting
2. Bruce Eberle meeting
3. Mike Thompson meeting
4. Steve Winchell meeting
5. Brent Bozell meeting
B. Forlenza: Western Goals Status Report (extra copies)
VII. Lyn Nofziger
A. arrange a meeting with Richard Wirthlin to discuss what his polls show after the election
B. Lyn or David Fischer: how are you with Regan?
1. arrange an appointment with Regan on Nicaragua
C. Lyn or David Fischer: can we get through to Joe Coors?
VIII. Nicaragua
A. develop a plan for the Nicaraguan War Information Service
1. daily video tapes (actualities)
2. follow the model of Afghanistan
3. research books on how press treated Vietnam
i. Mike Iacobellis: literature on press treatment of Vietnam in scholarly journals
4. RR to make an aggressive speech
i. nobility of the Freedom Fighters' cause
ii. we're there to get rid of a Communist regime
iii. give Green an outline of the speech on Tuesday
iv. RR should change the context
a. don't let the left do it
v. RR should have UNO there
→ B. Bob Kagan: State Dept: get an appointment for the last week of October re: Nicaraguan Support Group (by conservatives)
C. Wesley Smith: contact for CAFP program

  D. design CAFP program for Jan - March
  E. meeting on Nicaragua with consultants
    1. what we did right and wrong
    2. what we need to do for the next go-round
  F. C-span tape of RR speech on Nicaragua -- request from Fawn
    1. can we use clips from it?
IX. SDI
  A. "Pledge to Support SDI to the End": membership campaign
  B. meetings to arrange
    1. Richard Perle
    2. Bud McFarlane
    3. Ed Luttwak
    4. Kuykendall
  C. Whittle Johnston
  D. Lichtenstein: review Sentinels proposal
  E. Q: what is the role of direct mail in educating the population? (vs. tv, radio, newapaper)
    1. budget: $150,000 per week
    2. ask Goodman, Blakemore, Finklestein
  F. revise "My Dream" brochure
    1. Jane's World Aircraft (from Washington Times) SDI quote (Nov 20 to Dec 7)
    2. picture of RR & Gorbachev in Reykvick saying goodby
    3. quote of RR: "I'm not going to give away SDI"
    4. graph: '72 or '77 thru '87 spending on SDI (compare Soviet vs. US)
    5. headline: "Democrats Control Congress; SDI Doomed"
    6. headline in center of cover: Year of Crisis
    7. deadline: end of December
X. Bob Dole
  A. "What Conservatives Must Do to Save the Reagan Agenda"
  B. Future of Freedom seminars in Jan/Feb
XI. Green
  A. tour of Berlin Wall
  B. NEPL contributors
    1. have all been called for Green fund?
    2. call Barbara Howell
    3. call E A Morris
  C. Fred Sacher & Green: walk on the wall at dusk
XII. Ed Luttwak
  A. where are the budgets?
  B. Blueprint for Democracies -- February, 1987
    1. 20 people
    2. Kissinger, Kirkpatrick to participate
    3. RR meeting to welcome participants (@ White House)
    4. hold at Hay Adams hotel: February 25 through 27, 1987
    5. develop a publication from the meetings
    6. we'll get stenographers to take verbatim transcripts
    7. Luttwak will bring research assistants
  C. new topic: religion as a motivating force in revolution
  D. December 10: Bob Dole & Ed Luttwak meeting
    1. Dole: "Crisis in American Foreign Policy: The Commies Take Over the Senate"
    2. Topic: Guerilla Warfare

3. Topic: How the Soviets Do It (as a model for how democracy should take over countries)

XIII. Dan Kuykendall
  A. who did the RR film for the Republican party & who contributed?
  B. lists to acquire
    1. Eagles
    2. Senatorial Trust
  C. Constitution: list of Congressional supporters (due by 1/20)
  D. arrange dinner with Paul Craig Roberts (Georgetown), Dole & Ed Wiesel
  E. status of Nixon meeting
  F. suggestions on who we should invite to the Nixon event
  G. arrange dinners on Constitution project for all fund raisers with Kuykendall, Dole, David Fischer
  H. South Africa: where is present law vulnerable?
    1. how can we ripple the current sanction law?
  I. review meetings with new prospects for CRC & DLC -- who can Kuykendall introduce us to?

Trent Lott / Bob Dole Letter to our NEPL contributors

XIV. Terrorism
  A. arrange meetings (not constituency on anti-terrorism)
    1. Ray Kline
    2. Kooperman
  B. Green's staff to speak on terrorism
    1. Bob Earle
    2. Craig ________
  C. arrange an day in Jan/Feb on terrorism
    1. get hostage Jacobsen to speak (Green can get)
    2. Terry Waite to speak
  D. Terry Arnold Conference on Terrorism: what is the status?

XV. Taiwan
  A. Mike: statements of Congressmen and Senators who're supportive of Taiwan
  B. request a list of Congressmen and Senators who're supportive of Taiwan from the embassy

XVI. Constitution
  A. title: "To Live Free"
  B. Whittle Johnston
    1. Adams or Jefferson wrote an essay on how the Constitution should properly be celebrated (get citation)
  C. important point: our Chief Justice resigned to do this project!
  D. Rick Manning: National Rifle Association may want to co-sponsor our Constitutional Minutes
  E. phone #: (202) PATRIOT
  F. RR film: 3 to 5 minutes on the Constitution
    1. show on first or last day of Constitutional Convention
    2. budget: $500,000
    3. play on all networks nationally
  G. Kuykendall: review list of National Sponsors to see how many he can get in 30 days
  H. celebration in September

XVII. Nicaraguan Book
  A. The Struggle for Nicaragua
  B. Contributors
    1. Charles Robb

    2. Henry Kissinger
    3. Uri Orlov
    4. Chevechenko

XVIII. Administration

- A. Angela: keep a file for CRC: new contributors by direct mail
- B. Mike: Western Goals previous mailings to CRC
- C. Mike: Gold Book: Palm Spring's Who's Who
- D. Mike: Washington On-Line Inquiries
    1. Funderburke for Senate
    2. Linda Chavez for Senate
- E. Mari Maseng: RR letter response
- F. reservations at Heritage Foundation: Nov 17 & 18
- G. CRC: Richard Nixon letter
- H. Kris: President's Club article from Fund Raising Management
- I. Warms: 1986 contribution report
- J. Bob Vastine recommendation: ad man: Roger Ailes, NYC, John Krauscher, Ailes Communications
- K. Nicaragua: we have 72 contributors to Nicaragua according to CRC (11/10/86)
    1. who has them?
    2. how much has been raised from each?

August 25, 1986

Memo to David Fischer

RE: Draft memo for Don Regan

FROM: Spitz Channell, National Endowment for the Preservation of Liberty and President of Sentinel.

In January 1986, the National Endowment for the Preservation of Liberty and Sentinel initiated a $4.1 million educational and lobbying campaign which eventually reached 25 states. The purpose of this 6 month campaign was to give support to President Reagan's Nicaraguan policies with special focus on the Freedom Fighter aid package the President submitted to the Congress for approval in January.

Many consider this effort to be the largest of its kind devoted to supporting Ronald Reagan on a foreign policy issue in the past 6 years.

Television educational and informational messages were broadcast by the National Endowment for the Preservation of Liberty in 49 Congressional districts and the Distric of Columbia in varying degrees of intensity from March through August (139 days). Ads were broadcast in difficult-to-win Congressional districts whose Congressmen were undecided as to their vote for or against Freedom Fighter aid. Over $2,500,000 went to the television campaign alone.

add a zero

$750,000 was spent by Sentinel directly to build Congressional support for President Reagan. This included advocacy television messages in 32 Congressional districts, the production of two 30 minute television documentaries supporting the Nicaraguan Freedom Fighter cause filmed secretly in Nicaragua, active lobbying of Congress by a staff of 5, newspaper ads in major media markets (New York and the District of Columbia), and continuous work with Assistant Secretary, Bureau of Inter-American Affairs, Department of State, Elliott Abrams.

$600,000 was spent by the National Endowment for the Preservation of Liberty to conduct pro-Nicaraguan Freedom Fighter speaking tours in 27 Congressional districts in the 7 months prior to the first House vote in March on Freedom Fighter aid.

$85,000 was devoted to nine Washington, D.C. briefings with opinion leaders, political activists, and volunteer supporters for the Nicaraguan Freedom Fighter cause.

On the day in June of the historic House reversal, which resulted in a victory for Ronald Reagan on Freedom Fighter aid, it was determined that the National Endowment for the Preservation of Liberty and Sentinel had carried the support program for the President successfully into 32 of the 51 Democratic districts that ultimately stood with Ronald Reagan on this issue.

3/25/86 11

To Do

- Curt Herge: Ⓐ Craig Bills Ⓑ Sam Channell
  - ① buy sell agreement for Western Goals
  - ② schools (Candidate, Fund Raising, Media)
  - ③ political services to candidates + campaign mgrs
  - ④ CAFP political ads: Sentinel or ACT or ACTBEF?
  - ⑤ use of Presidential seal
- Charter boat for July 4th.
- ~~Angela: airline tickets, money, pictures, framed pictures~~
- DLC book on Politics or Political Tactics/Strategy

- ~~SDI kit to Boyell + Jacobs~~
- ~~Call Bob Vastine 224-2764~~
- ~~COKE~~
- raised $339 → give $237

142	Barbara Newington
132	Ellen Garwood
65	Bill O'Neil
339	

Give 225 to Green

- lunch: Linas Kojelis; Mitch Daniels; Elliott Abrams
- call David Fischer re: Wesley Smith
- call Steve Neuheim
- Ollie to Dallas on Thurs. Bill Carls
  - Plaza of the Americas Bunker
- Green terrorism strategy: turn factions against each other Mrs King
- reschedule dinner for Mon.
- Green: list of names + addresses of Saudia Arabian briefing atte + background literature on the issue
- get Peter Ueberroth's book

2/6/86

CAFP

63 target swing votes
issues:
- military viability
- image prob (human rights; are they unified?)

spokespeople
- UNO members or liason group members
  - TX
  - FL
  - MO
  - MS
  - KY
  - NC
  - SC
- Creoles scheduled in Feb (persecuted); targeted in NC + SC
- problem: availability of English-speaking Nicaraguans

labor
business
religious

2/18-21 : Calero available

Honduras: Smith, Riggs report

Q- when will Pres announce?
- next satellite distribution?
- news bureau?

Human Rights Report: call Elliott Abrams ASAP

satellite feeds from Managua by 2/15
film due 2/17
work up an elite press package
news bureau @ Steve's office
invite contributors to press events
NEPL press conference

MEMORANDUM

TO: Mari Maseng

FROM: David C. Fischer

SUBJECT: White House SDI briefing

DATE: July 15, 1986

INTRODUCTION: The National Endowment for the Preservation of Liberty has just completed a 3.5 million dollar program to help educate the public and Congress on the need for President Reagan's Nicaraguan Freedom Fighters aid package. The program was reviewed by the President and Vice President and President Reagan participated in a Roosevelt Room meeting with NEPL quests in January of this year. NEPL now wants to help the President convert the broad public support he enjoys on S.D.I. to full congressional funding levels.

During the discussions held recently in your office concerning the National Endowment for the Preservation of Liberty's "My Dream" program to support the President on S.D.I., we agreed that a written proposal should be forwarded to you. After lengthy and and detailed discussions with NEPL representatives the following proposal, with agreed to guidelines, is submitted:

It is recommended that during the week of September 12th an Office of Public Liaison (OPL) sponsored meeting be held in the White House Cabinet or Roosevelt Room for the purpose of briefing supporters on the President's S.D.I. program. Suggested speakers include Lt. General Abrahamson and former Science Advisor Dr. George Keyworth, followed by a brief appearance of the President. Mari Maseng or her appointed substitute should offer opening remarks and moderate the program.

It is clearly understood that this meeting is being scheduled under the auspices and control of the O.P.L. who will issue the only invitations to this event. NEPL will be asked to submit a recommended list of attendees, from which O.P.L. can delete names as it deems necessary. It is also agreed that representatives of the defense industry will not be invited to this event. NEPL agrees not to independently solicit attendance for this meeting without prior approval from O.P.L. This includes both written and verbal communication. NEPL agrees to submit to O.P.L. for approval any proposed text or written communication to those who will receive O.P.L.'s invitation to attend this meeting.

Counsel's Office will review this proposal. Your recommendations or comments will be appreciated. This briefing will greatly assist the President's efforts to gain continued full funding for his S.D.I. program.

KUYKENDALL COMPANY

July 23, 1986

Mr. Spitz Channell, President
The National Endowment for the Preservation of Liberty
305 4th Street, NE
Washington, D. C. 20002

Dear Spitz:

Now that we have gotten a favorable House vote on our first cooperative effort, I will take this opportunity to give you my analyis of the accomplishments.

In the Spring of 1985 the first attempt to obtain military aid to the Contras was decisively defeated with our receiving only 180 votes in the House.

Due to this very poor showing we were forced to change our tactics to seeking only humanitarian aid. Having been retained by the Gulf & Caribbean Foundation and private Texas clients I coordinated the outside (private) lobbying efforts to obtain this aid. We lost our first "showdown" (Michel I) by two votes but due to an intensive educational and lobbying effort we won approval of Michel II by sixty-three votes.

In late 1985 I had my first experience working in a voluntary coalition with NEPL and Spitz Channell. This was a result of our both using the services of IBC. In early 1986 Gulf & Caribbean received its first direct support from NEPL. This support enabled us to intensify our efforts to obtain military aid for the Contras.

It became very obvious to me that NEPL was the only organization with both the ability and the resources to run productive advertising on aid to the Contras. Some other groups actually did more harm than good with their advertising.

On our first try in March we were able to get 210 votes for military aid to the Contras, an improvement of thirty votes but still eight votes short.

The months of April, May, and June saw the most intensive educational and lobbying efforts by NEPL, Sentinal, and Gulf and Caribbean that this issue has ever received.

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We began the campaign with a target list of approximately forty members of Congress. About ten of them were considered "soft" even though we got their votes in March. The target list of forty was about one-quarter Republicans and three-quarters Democrat.

The educational type TV plus the various lobbying efforts began to shorten the undecided list to the point that two weeks before the vote we specifically targeted thirteen Congressmen for the last push TV effort. Efforts began in earnest to remove people from the undecided list and, therefore, enable us to cancel the TV in their markets. We withdrew TV in Louisville and San Antonio before the schedule actually began because of commitments from three members.

Since I was retained by Sentinal as Senior Consultant on June 1, I became even more involved in media and lobbying strategy.

Even though we continued to work hard on an additional ten undecideds until the very last, our estimated vote count on June 23 was 222 votes with a projection of an additional five Republicans and seven Democrats over and above the March total of 210. We actually received all the original 210 plus five additional Republican and six Democrats.

Immediately after our 221-210 victory on the President's package vs. the House Democratic leadership package, another interesting vote took place. A very liberal package with no military aid was offered against the President's package. Twelve to fourteen people, all of whom had been on our original undecided list, changed and voted for the President's package, including military aid.

All these last twelve to fourteen changes, plus the eleven additional votes we received on the initial vote on the President's package, were the successful targets of intensive educational and lobbying efforts. I can say with total confidence that our various combined efforts were a major factor in more than half of the total.

I am hopeful that this new relationship with its multifaced capability will bring us many more victories in the future.

Very truly yours,

Dan Kuykendall

DK:lp

Carl Russell Channell
[illegible] Road N.W.
Washington, D.C. [illegible]

September 23, 1986

Mari Maseng
Deputy Assistant to the President
and Director of Public Liaison
White House
Washington, D.C. 20500

Dear Mari:

I appreciate very much being included in your national security briefing, which occurred on Tuesday, September 23.

When you ask us to help, we try the best we can. Within an hour after the briefing we began to gear up to help on the issue of South Africa sanctions.

Time is very short as you know. Our immediate plans are to send our lobbyists to Capitol Hill from my lobbying organization Sentinel, call various members of our Board and ask them to send telegrams to fifteen Senators and to place two full page educational messages in the Washington Times on Monday and Tuesday of next week discussing the consequences of sanctions against South Africa.

We would be honored to do more if we could have a little bit more lead time in the future. I hope this helps the effort.

Sincerely,

Spitz Channell, President
Sentinel
National Endowment for the
Preservation of Liberty

        C. Mike Thompson meeting
        D. Steve Winchell meeting
        E. Brent Bozell meeting

    2. Forlenza: Western Goals Status Report (extra copies)

I. Lyn Nofziger

    1. arrange a meeting with Richard Wirthlin to discuss what his polls show after the election
    2. Lyn or David Fischer: how are you with Regan?

        A. arrange an appointment with Regan on Nicaragua

    3. Lyn or David Fischer: can we get through to Joe Coors?

J. Nicaragua

    1. Linas Kojelis: new Nicaragua-terrorism briefing
    2. develop a plan for the Nicaraguan War Information Service

        A. daily video tapes (actualities)
        B. follow the model of Afghanistan
        C. research books on how press treated Vietnam

            1. Mike Iacobellis: literature on press treatment of Vietnam in scholarly journals

        D. RR to make an aggressive speech

            1. nobility of the Freedom Fighters' cause
            2. we're there to get rid of a Communist regime
            3. give Green an outline of the speech on Tuesday
            4. RR should change the context

                A. don't let the left do it

            5. RR should have UNO there

    3. Bob Kagan: (647-7024; Carolyn, Secretary) State Dept: get an appointment re: Nicaraguan Support Group (by conservatives)
    4. Wesley Smith: contact for CAFP program

Col. [illegible]

-arrange meeting w/ Cliff [illegible]
-get picture from [illegible]
-current # of refugees [illegible]
-get a [illegible]
-[illegible] on Nic [illegible]
-[illegible] copies
-update [illegible]

-get a FBIS subscription [illegible] from Kagan

EXHIBIT GPS-82

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CONFIDENTIAL

EXHIBIT
GPS-82

Conversation with Bob Kagan/8-6-86

1) Our group consisting of John Moag
Tommy Glakas
Denise O'Leary
Ron Radosh
Michael Kramer
Adrianne Doherty

has been approved by the State Department. Bob Kagan will assist us with transportation once we have arrived in Tegucigalpa. He will not provide transport to Tegucigalpa. The date of August 29 - September 1, 1986 is fine with State. Bob Kagan will contact the Honduran authorities and give us final confirmation by Wednesday, August 13th.

2) Bob Kagan stated that Lally Weymouth could not accompany this delegation. Any telephone calls from Ms. Weymouth should be referred to Bob Kagan.

3) In the future PRODEMCA should notify Bob Kagan if we are interested in sending anyone to the Border. That individual will either be added to a organized group or State will assist PRODEMCA with transport in Tegucigalpa. (this all depends on the approval by the Hondurans)

4) We will see how this arrangement works out for all parties concerned at this time it is a case-by-case arrangement.

A nonprofit, nonpartisan educational organization formed by private citizens who support democracy, human rights and social justice in Central America.

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AUTHOR
MARY N. TEMPLE*
EXECUTIVE DIRECTOR

* Member of the Executive Committee
(All affiliations are for identification
purposes only.)

Strategy Session
Tuesday, February 11th
10:00 a.m.

INVITEES

Penn Kemble
Bob Kagan
Bruce Cameron
Rich Miller
Bill Walker
John Hoag
Chris Barton
Dave Mason
Denise O'Leary
Eric Singer
Peter Flaherty
John Hurson
Susan Alberts
DAVID JESSUP

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COALITION FOR DEMOCRATIC MAJORITY
ELIE WIESEL
AUTHOR
DENISE O'LEARY
EXECUTIVE DIRECTOR

*Member of the Executive Committee
(All affiliations are for identification
purposes only.)

Participants/Strategy Session
Tuesday, February 11th
10:00 A.M.

Penn Kemble, PRODEMCA

Rich Miller, International Business Communications

Bruce Cameron, Center for Democracy in the Americas

Denise O'Leary, PRODEMCA

Bob Kagan, Elliott Abrams' office

John Moag, Capitol Associates

Chris Barton, Senator Durenberger's office

Dave Mason, Congressman Lott's office

Eric Singer, Center for Democracy in the Americas

John Hurson, PRODEMCA

Susan Alberts, Center for Democracy in the Americas

Dan Kuykendell

Peter Flaherty, Citizens for Reagan

10[illegible]877

A nonprofit, nonpartisan educational organization formed by private citizens who support democracy, human rights and social justice in Central America.

Leg Report
E. Singer April '86

Vote Analysis '86

BACKGROUND

Several moderate House Democrats seemed to vote against the President in March only out of a desire to have the content of his executive order in legislation. Thus it was anticipated that these Democrats, in a second vote on contra aid promised them by House Speaker O'Neill, would endorse the Senate resolution on contra aid -- a resolution that codified, and provided more concessionary language than, the March 20 executive order.

SUMMARY

After visiting with key House Democratic staff aides whose bosses came close to supporting the President's bill on March 20 contra aid vote, it was clear that these Members could not, as expected, be satisfied with the Senate resolution. Members had returned to their districts over the Easter recess only to face larger, more liberal constituencies who praised their negative vote. In the House, several new conditions for contra aid not found in the Senate bill suddenly emerged: a second vote, as opposed to the joint resolution of disapproval; no anti-air defenses provided to the contras up front; and bilateral talks between the Sandinistas and the United States conditioned on a cease-fire, not on upon Sandinista-contra talks. All these points formed the basis of the latest McCurdy amendment.

Neither the McCurdy group nor the administration felt compelled to negotiate on these points. Congressmen with whom we met and who supported these condition proved unmovable. Many were convinced they had the votes to win, just as the Administration was certain it had to votes to defeat McCurdy. Of the Members with whom we spoke, only Les Aspin, who voted against the President on March 20, said he would support the administraiton.

We learned, however, that if McCurdy's amendment were defeated, he and other supporters would vote for the Senate version introduced by Bob Michel. Similarly, we were told by Vin Weber (R-MI) that if McCurdy won, the Republicans would vote for it on final passage rather than leave themselves with no aid package at all.

On the evening of April 14, the House, by four votes, finalized a rule to couple any contra aid package with a supplementary appropriations bill certain to be passed by the House and vetoed by the President. At the same time it became increasingly clear that the McCurdy amendment stood an excellent chance of winning. Although the Republican leadership could have lived with a Senate version being passed under these rules, or even a free-standing McCurdy bill, the possibility of a McCurdy amendment attached to the supplementary proved intolerable. The word was sent down among the Republicans, then, to vote for the Hamilton amendment in an effort to forestall a vote on McCurdy and effectively decouple the contra issue from the supplementary. This tactic succeeded. At present, the Republicans are introducing a new rule to obtain a vote on contra aid -- one that will require a discharge petition in the face of stonewalling by the Democratic leadership. Unfortunately, as presently written, the rule will be unable to obtain the requisite 218 signatures since it would have the present McCurdy amendment offered as a substitute, i.e., as a money bill -- something no liberal will ever sign on to nor Repubicans, who know they can vote for a Michel amendment later.

On the other hand, as the Democratic leadership still believes they have an obligation to the McCurdy group for a second vote, a McCurdy amendment could be offered to the defense authorization bill in mid-May. Whether that bill can be a vehicle that can lead to a real consensus, however, is uncertain. The answer depends on, among other things: the willingness of the McCurdy group to compromise on some of elements in its contra aid package; the good faith of the House leadership to honor its promise of a second vote for McCurdy; and the willingess of the administration and the House leadership to swallow McCurdy's legislative lead on the contra issue.

ES, with Keith Hendricks, aide to Stallings (D-ID).

→ Lunch with Bob Kagan
BC, ES with Jim Cooper (D-TN)
BC, ES with Les Aspin (D-WI)
BC, ES with McCurdy

4/9/86 BC, ES with Andrews
BC, ES with Bustamante

Susan Alberts wrote and sent to moderate Democrats paper on Alfonso Robelo's efforts to negotiate peaceably with the Sandinistas from 1980-85.

4/10/86 BC, ES with Vin Weber

4/11/86- Spent 3 days working with UNO leaders to develop acceptable UNO reform package.

4/17/86 BC with Vin Weber

Elliott
Abrams

The Honorable Elliott Abrams
Assistant Secretary of State f
Human Rights
U.S. Department of State
Washington, DC 20520

Dear Elliott:

During the past few months I have been working with several other Democrats -- Bernie Aronson, Bob Leiken and Bruce Cameron -- to build support for the Nicaraguan resistance among Democrats and, both to use a perhaps inexact term, the moderates. I think we have produced some interesting results, and we all look forward to your closer involvement with this matter. It might be worthwhile for us to get together to fill you in before you take the wheel. (The others share my interest.)

Best,

Penn Kemble

July 11, 1985

The Honorable Elliott Abrams
Assistant Secretary of State for
Inter-American Affairs
U.S. Department of State
Room 6263
Washington, DC 20520

Dear Elliott:

Congratulations!

I am sorry that I am going to miss the meeting with Bernie Aronson, Bruce Cameron and Bob Leiken. I have spent the last couple of months working closely with them and I am firmly convinced that on the main issues they have fully turned the corner.

I also think that there is much to be gained from their perceptions of the whole UNO-FDN enterprise.

Best,

Penn Kemble

FRIENDS OF THE DEMOCRATIC CENTER IN CENTRAL AMERICA
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IE WIESEL
AUTHOR
NISE O'LEARY
EXECUTIVE DIRECTOR

mber of the Executive Committee
· affiliations are for identification
rposes only)

July 1, 1986

Mr. Robert Kagan
Office of Inter-American Affairs
U.S. Department of State
Room 6263
Washington, DC 20520

Dear Bob:

I thought you might be interested in a rather hard-headed appraisal of our Nicaraguan policy which Bruce McColm presented to a recent meeting of Social Democrats.

I differ, of course, with his views that we should decouple our concern about Nicaragua's domestic practices from our concern about activities that threaten the security of the region (p. 19). I'm not sure of other points, but they certainly merit candid consideration.

Best,

Penn Kemble

CC: Bruce McColm

July 31, 1985

The Honorable Otto J. Reich
U.S. Department of State
Room 6253, SLPD
Washington, DC 20520

Dear Otto:

Have you and your comrades seen this series? I think it gives an excellent flavor of the Sandinistas -- their personal struggles and weaknesses and the totalitarian impulse they embody.

It's not in the least propogandistic -- it could serve as an example of truly objective journalism. But the impression one is left with is certainly that these people are a most unattractive group of neighbors.

Best,

Penn Kemble

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  - AUTHOR
- DENISE O'LEARY
  - EXECUTIVE DIRECTOR

*Member of the Executive Committee
(All affiliations are for identification purposes only.)

October 3, 1986

Mr. Robert Kagan
Bureau of Inter-American Affairs
U.S. Department of State
Washington, DC 20520

Dear Bob:

You mentioned a forthcoming State Department briefing paper on the system of Sandinista social control. I'm doing a piece for *Commnetary* that touches on this. Any chance for an advance copy, or a talk with the appropriate staff?

Best,

Penn Kemble

A nonprofit, nonpartisan educational organization formed by private citizens who support democracy, human rights and social justice in Central America.

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September 5, 1985

Otto Reich
Coordinator for Public Diplomacy
for Latin American & the Caribbean
Room 6253
Department of State
Washington, D.C.

Dear Mr. Reich:

Our organization is a broad-based group of Americans who share a deep concern about the future of democracy in Central America, and the danger to the security of the Americas that is posed by the possible consolidation of a Marxist-Leninist regime in Nicaragua.

We believe that Central Americans do have the desire and the will to join the community of democratic nations. The gravest problem is that their aspirations are so weakly understood and supported by their neighbors, not least of all the United States.

The Friends of the Democratic Center in Central America (PRODEMCA), a tax exempt, non-profit organization, is undertaking a program of education both for American non-governmental leaders and the broader public on this problem. We are confident that our organization has the experience and the technical expertise to carry this out successfully. I have enclosed a prospectus which describes our plan in greater detail.

We hope that your office will be able to consider this proposal at your earliest possible convenience. The American people must make critical choices about Central America in the coming year, and too often, the democratic option is not adequately understood or appreciated.

If you should have any questions or should require any additional information, please call me.

Sincerely,

Angier Biddle Duke
Chairman

[illegible]

EXHIBIT GPS-83

PAYMENTS TO FRANK GOMEZ & RICHARD MILLER

January 1985 to December 1986

Frank Gomez		
from IBC	$63,881	
from Gomez International	38,633	
SUBTOTAL		$102,514
Richard Miller		
from IBC	$59,833	
from Miller Communications	91,860	
SUBTOTAL		$151,693
Gomez/Miller		
from I.C., Inc. to WACI (owned by Gomez and Miller)		$452,000
TOTAL		$706,207

Note: Gomez and Miller were also the principals in the Institute for North South Issues. We do not know precisely how much money they took for themselves from that entity.

EXHIBIT
GPS-83

EXHIBIT GPS-84

PAYMENTS TO MARTIN L. ARTIANO & DAVID C. FISCHER

Martin L. Artiano	
from IBC 12/13/85 - 12/11/86	$305,000
David C. Fischer & Associates	
from IBC 3/13/86 - 1/9/87	$292,400
from Martin Artiano 1/22/86 - 2/21/86	$ 50,000
TOTAL	$342,400

EXHIBIT
GPS-84

EXHIBIT GPS-85

PAYMENTS TO CARL R. CHANNELL & DANIEL L. CONRAD

Carl R. Channell

from NEPL - 1985	$ 86,800
from ACT/SEF - 1985	44,300
from NEPL/WGF/ATAC - 1986 (fees)	52,900
from NEPL - Salary - 1986	161,022
TOTAL	$345,022

Daniel L. Conrad

from NEPL - 1985	$ 40,000
from NEPL to PMI - 1985	33,595
from NEPL - 1986	63,500
from NEPL to PMI - 1986	89,500
from WGF - 1986	10,640
from WGF to PMI - 1986	35,000
TOTAL	$272,435

Note: PMI is Public Management Institute,
owned by Daniel L. Conrad

EXHIBIT
GPS-85

EXHIBIT GPS-86

SUMMARY OF INTERNATIONAL BUSINESS COMMUNICATIONS ACCOUNT

January 1985 - January 1987

Income

NEPL	$5,090,609
Calero	39,000
Gomez International	179,829
Miller Communication	100,000
Bank of Panama	35,000
North South Issues	39,000
Palmer National Bank	21,000
Ransom Shoup & Company	15,170
U.S. Treasury - Dept. of State	356,472
Western Goals Foundation	12,761
William Mulvey, Inc.	20,000
American Conservative Trust	11,440
ESOP Association	22,500
Gulf & Caribbean Foundation	14,447
Other (See below)	56,176
Unknown	147,348
TOTAL	$6,160,752

Other Income (included above)

Altivil Trading Enterprise	$ 187
American Express	4,500
Associates in Community Dev.	10
Caja De Ahoccos	3,009
Cuban American National Found.	1,750
Deutch Budemurkansche Bank	2,000
Express Reproduction	2,000
Factor Holding Inc.	10,990
Gulf Marketing	1,000
ITT Corporate Relations	400
Kate MacInnis	9,800
Masoudi	330
Richard Miller	4,800
Antemes Suarez	1,400
Systems & Applied Science Corp.	2,000
Charles D. Tack	6,000
T.C. Darwin	3,000
Travelers Checks	3,000
TOTAL	$ 56,176

Summary of IBC, Continued

Expenditures

American Express	$ 168,216
Arguello Frederick	10,000
Artiano, Martin	305,000
Cash	73,136
Cruz, Arturo	10,005
David Fischer & Assoc.	250,000
David Fischer	42,400
Gomez International	121,432
Gomez, Francis	63,881
I.C.	2,740,000
Inst. on Religion and Democracy	800
Lake Resources	430,000
Lat. Am. Strategic Studies	25,000
Miller Communications	148,725
Miller, Richard	59,833
NBW	186,483
Nicaraguan Developmental Council	31,000
Robelo (Friends of Freedom)	60,000
Unknown (Wires and illegible checks)	94,552
Admin & other charges under $5,000	605,948
Other (See below)	446,837
1912 Sunderland Place Assoc.	100,837
Gary Bagdasiarian	100,000
Masoudi	25,000
Monieri, Shakri	46,000
Donald Miller	45,000
TOTAL	$6,190,085

Other disbursements(included above)

Anthony & Williams	30,164
Bayport Industries	6,000
Bragg Communication	47,000
Champion Kail Travel	23,823
DCNG	494
Eason Associates	20,362
ESOP Association	13,690
Flores, Rafael	20,275
Quintero, Henry	2,000
Quiniones, Humberto	28,000
International Business Machines	8,331
Keffer, Jeff	2,000
Kemp Enterprises	6,207
Maginnis, Kate	15,961
Maltre, Joachim	4,357
Mateo Guerroro	415
Ocean Adventures	16,338
Smith, Wesley	6,807
U.S. Customs	5,080
Williams, David	7,363
Young, Lawrence	13,141

Summary of IBC, Continued

ZGS	14,900
Zompado, Tony	30,000
1607 Asdsociates	17,007
C & P	5,085
Bruce Cameron	10,000
Ricardo Carrasco	9,300
Childrens Hospital	10,000
Federal Express	13,679
Internal Revenue Service	10,758
Kevin Hopkins	5,000
Gerald McElsay	10,000
Youfid/Arnous	12,000
Radio Resources	5,000
William Sutton	1,300
Weir-Jacobs, Inc.	5,000
Wolk Press	10,000
TOTAL	$ 446,837

EXHIBIT GPS-87

INTEL-COOPERATION ACCOUNT - 4/30/85 - 2/4/87

Income

Opening Balance	$ 1,000
IBC	2,740,000
NEPL	450,000
Heritage Foundation	80,000
Other	71,737
TOTAL	$3,342,737

Expenditures

Calero	$1,030,000
Carlos Vlet	10,000
Denise Ponce	11,000
Frederick Arguello	31,000
Friends of America	125,000
Gulf & Caribbean Foundation	21,182
Katyal	15,000
Institute for Terrorism	75,000
Lake Resource	1,308,075
Lassi	50,000
Latin American Finance	55,700
Nicaraguan Business Council	10,000
Parkefeld Enterprises	60,000
Polca S.A.	25,000
Unknown Wires	2,924
WACI	452,000
Other Admin Charges	1,482
TOTAL	$3,283,363

[redacted]

Exhibit GPS-88

MILLER COMMUNICATIONS ACCOUNT 2/86 - 12/86

Income	
IBC	$ 143,425
WACI	302,500
Unknown	5,300
TOTAL	$ 451,225

Expenditures	
Alpha Environmental	$ 36,455
Campaign America	2,000
Cash	4,975
IBC	65,000
IRS	10,908
Maginnis, Kate	35,863
Miller, Richard	91,860
NBW	69,796
Raisin & Wright	19,000
Admin & Other Charges Under $5,000	17,370
TOTAL	$ 353,227

EXHIBIT GPS-89

GOMEZ INTERNATIONAL ACCOUNT

Income

IBC	$ 121,432
WACI	135,500
Cuba Independent Democratica	1,500
Unknown	22,369
TOTAL	$ 280,801

Expenditures

E.F. Hutton	$ 25,000
Gomez, Francis	38,633
IBC	115,000
IRS	3,200
NBW	15,717
Admin under $5,000	32,632
TOTAL	$ 230,182

EXHIBIT GPS-90

ANALYSIS II A

CARL CHANNELL AFFILIATED COMPANIES
STATEMENT OF OPERATIONS - 1985

	NEPL (1)(9)	WESTERN GOALS FOUNDATION (5)(9)(10)	WESTERN GOALS ENDOWMENT (6)(9)(10)	CHANNELL (7)(9)	SENTINEL (11)(9)	ANTI-TERRORIST AMERICAN COMMITTEE (ATAC) FEDERAL ELECTION FUND (1)(9)	ANTI-TERRORIST AMERICAN COMMITTEE (ATAC) STATE ELECTION FUND (1)(9)	AMERICAN CONSERVATIVE TRUST (ACT) FEDERAL ELECTION FUND (1)(9)	AMERICAN CONSERVATIVE TRUST (ACT) STATE ELECTION FUND (1)(9)	AMERICAN CONSERVATIVE FOUNDATION (8)(9)	TOTAL (4)
REVENUES											
CONTRIBUTIONS	3,340,990			24,449				34,799	435,930		3,836,168
OTHER REVENUE	938	INACTIVE	INACTIVE	-	INACTIVE	INACTIVE	INACTIVE			INACTIVE	938
TOTAL	3,341,928			24,449				34,799	435,930		3,837,106
EXPENDITURES											
PROJECT EXPENDITURES											
GOODMAN	168,593								114,085		282,678
WASHINGTON POST									11,000		11,000
WASHINGTON TIMES								1,990	13,002		14,992
NEW YORK TIMES									27,627		27,627
MEDIA ADS									46,621		46,621
OTHER	238,693										238,693
CONSULTING AND PUBLIC RELATIONS											
PMI	33,593										33,593
DAN CONRAD	40,000										40,000
OTHER	74,366										74,366
GENERAL AND ADMINISTRATIVE											
TRAVEL	44,086										44,086
CARL CHANNELL	86,800								44,300		131,100
PAYROLL	74,909			3,922							78,831
RENT	20,000			11,330							31,330
HYATT REGENCY								1,390			1,390
OTHER	127,251										127,251
LEGAL AND ACCOUNTING											
STEVE HERMANN	18,010							2,820	16,500		37,330
SEGAN & MEWSE - LEGAL								1,000			1,000
OTHER	10,476							1,000			11,476
OTHER EXPENDITURES											
NRF CONTRIBUTION	85,000										85,000
NIC. DEV. COUNCIL	30,000										30,000
IBC	1,412,001								17,000		1,429,001
BURETTE FOR GOV.									16,000		16,000
PORTER LEIGHTON FOR GOV.									5,000		5,000
BARNES CONTRIB.								1,000			1,000
CAMPBELL FOR CONGRESS								1,000			1,000
AUSTIN AMERICA								3,322			3,322
FURNISHING								2,000			2,000
VALLEE, INC.								1,400			1,400
OTHER				14,504				13,374	155,313		183,371
TOTAL	2,443,780			29,756				32,454	446,698		2,952,688
NET REVENUE (EXPENDITURES)	898,148			(5,307)				2,345	(10,768)		884,418

EXHIBIT GPS-91

CARL CHANNELL AFFILIATED COMPANIES
STATEMENT OF OPERATIONS - 1986

ANALYSIS II B

	NEPL (1)(9)	WESTERN GOALS FOUNDATION (5)(9)(10)	WESTERN GOALS ENDOWMENT (6)(9)(10)	CHANNELL (7)(9)	SENTINEL (1)(9)	ANTI-TERRORIST AMERICAN COMMITTEE (ATAC)		AMERICAN CONSERVATIVE TRUST (ACT)		AMERICAN CONSERVATIVE FOUNDATION (8)(9)	TOTAL (4)
						FEDERAL ELECTION FUND (1)(9)	STATE ELECTION FUND (1)(9)	FEDERAL ELECTION FUND (1)(9)	STATE ELECTION FUND (1)(9)		
REVENUES											
CONTRIBUTIONS	7,024,939	460,959	111,782	1,788	280,320	47,872	55,825	70,025	102,510	63,725	8,219,745
TRANSFERS IN		95,408	10,200	50,000	122,997		5,000	5,000	2,900		291,305
OTHER REVENUE	43,296	(8,000)	(3,170)	93,075	364				52	(3,800)	121,817
TOTAL	7,068,235	548,367	118,812	144,863	403,681	47,872	60,825	75,025	105,462	59,925	8,633,067
EXPENDITURES											
TRANSFERS OUT	196,097	200	86,908			5,000		2,900			291,305
PROJECT EXPENDITURES											
GOODMAN	838,019				130,018			28,000	805		996,842
PRUDENCIA	90,190										90,190
EDELMAN	92,324										92,324
BLACKMAN	22,500										22,500
PATRICIA BECK	100,000										100,000
MINER & FRASER					15,000						15,000
BLACKMORE & KIEVLON	84,900					22,000	12,750				119,650
FINKELSTEIN	114,900										114,900
KUYKENDALL	14,810				11,303						26,113
MEDIA ADS							5,944		27,354		33,298
NOFZIGER	40,000			40,000							80,000
NEW YORK TIMES	36,137										36,137
BALTIMORE SUN					29,756						29,756
BRUCE CAMERON - CDA	16,000										16,000
CREATIVE TECH SERV		40,798									40,798
LICHENSTEIN					36,700						36,700
WASHINGTON TIMES					19,127		9,156	5,944			34,227
RRR FILMS								29,000			29,000
OTHER	149,421										149,421
FUNDRAISING											
DIRECT FUNDRAISING	57,783										57,783
DIRECT MAIL FUNDRAISING	45,273	61,149									106,422
TRAVEL - FUNDRAISING	175,767	11,464									187,231
OTHER	9,784	4,292									14,076

ANALYSIS II B

CARL CHANNELL AFFILIATED COMPANIES
STATEMENT OF OPERATIONS - 1986

	NEPL (1)(9)	WESTERN GOALS FOUNDATION (5)(9)(10)	WESTERN GOALS ENDOWMENT (6)(9)(10)	CHANNELL (7)(9)	SENTINEL (1)(9)	ANTI-TERRORIST AMERICAN COMMITTEE (ATAC) FEDERAL ELECTION FUND (1)(9)	ANTI-TERRORIST AMERICAN COMMITTEE (ATAC) STATE ELECTION FUND (1)(9)	AMERICAN CONSERVATIVE TRUST (ACT) FEDERAL ELECTION FUND (1)(9)	AMERICAN CONSERVATIVE TRUST (ACT) STATE ELECTION FUND (1)(9)	AMERICAN CONSERVATIVE FOUNDATION (8)(9)	TOTAL (4)
CONSULTING AND PUBLIC RELATIONS											
DAN CONRAD	63,500	10,640									74,140
PMI	89,500	35,000									124,500
PERFORMANCE CONSULTING	20,983	5,715									26,698
DOUG FRANCE	6,754	1,070					975				8,799
CARL CHANNELL	15,000	26,400				2,500	9,000				52,900
ERIC OLSON	27,500						700				28,200
RAPHAEL FLORES	11,312										11,312
CLIFF SMITH	8,315						4,350				12,665
HYMENDALL	5,303										5,303
PUBLIC RELATIONS	58,027										58,027
OTHER	20,506										20,506
GENERAL AND ADMINISTRATIVE											
PAYROLL	536,301	61,622									597,923
RENT	105,788	45,198		93,075							244,061
UTILITIES	33,620	17,483									51,103
OFFICE SUPPLIES	18,377	4,222									22,599
PRINTING	27,856										27,856
INSURANCE	12,119	1,993									14,112
EQUIPMENT RENTAL	14,066	4,321									18,387
BROKERAGE FEES	14,096										14,096
COURIER SERVICE	22,267	1,823									24,090
TRAVEL							7,500				7,500
OTHER	65,527	21,918									87,445
LEGAL AND ACCOUNTING											
HERGE, SPARKS, BUNDI	22,411	11,013				1,137	1,956				36,517
STEVE MCMAHON	57,900	13,650									71,550
COOPERS & LYBRAND	23,452										23,452
OTHER	1,293					247	132				1,672
OTHER EXPENDITURES											
IBC	3,533,459	16,762			589						3,550,810
IC	450,000										450,000
GULF & CARRIB.	10,000										10,000
FORLEXIA		12,342									12,342
BROWN LINCOLN				10,000							10,000
NORTH DEFENSE					40,000						40,000
CENTER FOR DEMOCRACY					40,000						40,000
DOLE FOR SENATE						3,000		3,000			6,000
CONTRIB FOR CONGRESS						8,000					8,000
OTHER		36,032	8,201	2,271	18,971	2,000	8,108	5,882	91,917	800	174,182
TOTAL	7,239,937	445,107	95,199	105,346	332,444	66,304	60,371	74,726	120,076	800	8,677,900
NET REVENUE (EXPENDITURES)	(291,702)	103,260	23,663	(483)	71,217	3,488	254	279	(14,610)	59,725	(46,003)

EXHIBIT GPS-92

United States Department of State

Office of Inspector General

AUDIT REPORT NO. 7PP-008

SPECIAL INQUIRY INTO THE DEPARTMENT'S CONTRACTS WITH INTERNATIONAL BUSINESS COMMUNICATIONS AND ITS PRINCIPALS

JULY 1987

EXHIBIT
GPS-92

REPORT ON

SPECIAL INQUIRY INTO THE

DEPARTMENT OF STATE'S CONTRACTS WITH INTERNATIONAL BUSINESS COMMUNICATIONS AND ITS PRINCIPALS

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REPORT ON
SPECIAL INQUIRY INTO THE
DEPARTMENT OF STATE'S CONTRACTS
WITH INTERNATIONAL BUSINESS COMMUNICATIONS AND
ITS PRINCIPALS

I. EXECUTIVE SUMMARY

In response to a request from the Secretary, the staff from the Office of Inspector General (OIG) examined the Department's contracts with International Business Communications (IBC) and Frank Gomez, one of its principals. These contracts were entered into by the Department's Office of Public Diplomacy for Latin America and the Caribbean (LPD) which initially operated out of the Secretary's office and currently is located in the Bureau of Inter-American Affairs (ARA).

The examination covered six purchase orders and contracts totalling about $436,000 with IBC or Frank Gomez between February 1984 and September 1986. In addition, the examination included one purchase order for $5,500 with the Institute for North-South Issues, a firm established by Frank Gomez. IBC is a Washington, D.C. public relations firm and the Department's contracts with IBC were for media relations activities such as arranging media events, interviews, and public appearances for Central American refugee groups and exiles in the United States; preparing talking papers, briefings, and op/ed articles; translating articles on Latin America and the Caribbean and making them available to U.S. news organizations and public interest groups; and designing and operating a mail distribution system for materials and information on Latin America and the Caribbean.

Findings of the examination are as follows:

-- The need for the purchase orders and contracts was justifiable in the beginning, but was questionable in the later periods as LPD's in-house staff grew and gained experience.

-- The acquisition process for awarding and administering the purchase orders and contracts was mismanaged. In addition, one contract was improperly classified SECRET, without legitimate justification, apparently to avoid competition and public disclosure of the contract in the Commerce Business Daily.

-- Some charges to the final contract between LPD and IBC are questionable, particularly travel expenses of Central American refugees brought to the United States for media events and expenses for ADP equipment used in developing and operating the document distribution system. The specific amounts will be described in a separate report of an incurred cost audit, currently underway by OIG staff. In addition, the conduct of media relations training by IBC for Salvadoran military officials differed so significantly from what was contracted for that collection efforts should be instituted to recover funds from IBC. Although deliverables were vaguely defined and reported, the performance by Frank Gomez and IBC on all other purchase orders and contracts was approved, accepted, and frequently applauded by LPD officials.

-- Many of LPD's activities provided opportunities to conduct prohibited lobbying activities; however, there is no evidence that LPD officials, or IBC personnel while working under LPD contracts, violated the anti-lobbying statute. Among other things, the LPD Coordinator and staff traveled and spoke extensively on the merits of the Administration's Central America policy. LPD staff and contractor personnel sponsored and escorted Central American refugees and exiles to cities in the United States for speaking engagements before various groups.

-- Violations of ethical standards and/or conflict of interest restrictions may have occurred in the case of two individuals. Since neither was an employee of the State Department, referrals were made to the appropriate Government agencies for consideration and appropriate action.

-- Some of the information provided by the Department to Congressional requesters and to Public Affairs for press briefings was inaccurate, incomplete, and misleading. We found no evidence that errors were made intentionally.

-- Responsiveness to Congressional requests for information about these and similar contracts has been somewhat slow and fragmented, partially due to the large volume of requests which have been received. Much information was provided, however, and we found no evidence that the Department personnel deliberately delayed or frustrated Congressional requesters. The role of the Office of the Legal Adviser in collecting, examining, and releasing documents on the IBC and other procurements has been poorly understood and has caused resentment by Congressional members and staff.

II. PURPOSE AND SCOPE

As a result of a number of press articles critical of the Department's association with International Business Communications (IBC) and its principals, the Secretary requested an examination of the subject by the Office of Inspector General (OIG). The request, dated February 13, 1987, asked OIG to examine (1) the procedures followed in entering into all contracts between the Department and IBC or its principals, Frank Gomez and Richard Miller and (2) the performance under those contracts. The Legal Adviser's memo transmitting the request mentioned and included, as attachments, information on alleged improper lobbying activities, improper classification of an IBC contract as SECRET, that the contract was signed after most work was performed, and a brother/sister relationship between personnel of the Office of Public Diplomacy for Latin America and the Caribbean (LPD) and IBC.

We established the objectives for this special inquiry by considering the request from the Secretary, examining the articles which had appeared in the press, and holding preliminary discussions with Department officials. The specific objectives were to determine:

-- Whether the contracts with IBC and its principals were needed or whether the work should have been performed in-house;

-- Whether required procurement and contracting procedures were followed;

-- Whether the contractor performed the work required by the contract and charged reasonable and allowable costs to the Department;

-- Whether LPD personnel, or IBC personnel while performing under contract to the Department, participated in improper lobbying activities;

-- Whether conflicts of interest or violations of ethical standards occurred as a result of the conduct of or relationships between LPD and IBC personnel;

-- Whether information provided by the Department to Congressional requesters and for press briefings was accurate and appropriate; and

-- Whether Department officials or offices intentionally delayed in providing information to or withheld information from Congressional requesters.

The inquiry included six purchase orders and contracts with Frank Gomez or IBC totaling $435,584 between February 14, 1984 and September 30, 1986. In addition, a purchase order with the

Institute for North-South Issues (INSI) for $5,500 for September 1985 was included because INSI was established by Frank Gomez. This represented the extent of the Department's contracts with IBC and its principals. There were no contracts or purchase orders with Richard Miller as an individual. The inquiry was limited to performance by these organizations and individuals on the contracts with the Department. Activities of the organizations and individuals for other clients were not included in the scope of the inquiry.

The inquiry was conducted in accordance with generally accepted government auditing standards and included appropriate tests to evaluate the adequacy of internal controls and procedures used to protect funds and assets from waste, fraud, and mismanagement. In the course of the work, applicable program and contract files were examined. In addition, Department officials in the Office of the Legal Adviser (L), the Office of Public Diplomacy for Latin America and the Caribbean--initially in the Office of the Secretary (S/LPD) and currently in the Bureau of Inter-American Affairs (ARA/LPD), the Bureau of Administration, Operations (A/OPR) and Office of the Procurement Executive (A/OPE), the Bureau of Legislative and Intergovernmental Affairs (H), the Bureau of Public Affairs (PA), and the Foreign Service Institute (M/FSI) were interviewed, as well as officials of IBC and its legal counsel.

We distributed a copy of this report in draft to affected offices and officials in the Department for their comments and incorporated the more significant into the appropriate sections of the report. In addition, we have included the complete responses of the former head of S/LPD, the current head of ARA/LPD, the Deputy Assistant Secretary, Office of Operations, Bureau of Administration (A/OPR), and the Procurement Executive (A/OPE) as Exhibits B through E.

III. BACKGROUND

By White House "Memorandum for Special Planning Group Principals" of July 1, 1983, Mr. Otto J. Reich was given the dual designation of Secretary of State's Advisor for Public Diplomacy and Coordinator for Public Diplomacy for Central America and the Caribbean. The Coordinator's office was to be located in the Department of State, with staff support to be detailed from other agencies and departments. His activities were to begin immediately.

Coordinator Reich came to State with no staff support except for his secretary whom he had brought from the Agency for International Development (AID). His office was established as the Office of Public Diplomacy for Latin America and the Caribbean (S/LPD). Lacking adequate staff, Mr. Reich obtained permission to contract for a short term professional services contract in February 1984 with Frank Gomez, an outside public relations specialist. The relationship proved highly satisfactory to both parties and was continued through successive sole source contracts with Mr. Gomez or with International Business Communications (IBC), the partnership company Mr. Gomez formed with Richard Miller, through fiscal year 1986.

The purchase orders and contracts for S/LPD with IBC or its principals are listed below. One purchase order, 1001-502356, was with the Institute for North-South Issues (INSI). That order is included because INSI was founded by Frank Gomez.

Number	Contractor	Performance Period	Amount
1001-402214	Gomez	02/14/84 - 05/31/84	$ 9,500
1001-402296	Gomez	05/01/84 - 07/31/84	19,300
1001-402486	~~IBC~~	~~(Aug/Sept 1984)~~	~~16,198~~
1001-502074	IBC	10/01/84 - 12/31/84	24,400
1001-502160	IBC	03/01/85 - 09/30/85	90,000
1001-502356	INSI	09/01/85 - 09/30/85	5,500
1001-602066	IBC	10/01/85 - 09/30/86	276,186
			$441,084

c

During the early purchase orders Mr. Gomez prepared talking points papers, fact sheets, and draft speeches for S/LPD speakers, drafted op-ed articles, and arranged press conferences for Central American visitors. During the late 1984 and early 1985 period IBC continued and intensified these activities, plus arranging for translation and publication of documents critical of the Sandinistas in Nicaragua and arranging visits for Nicaraguan defectors to speak in major U.S. cities. In the final contract IBC designed and operated a computerized mailing list for S/LPD's publications.

S/LPD classified the FY 1986 contract SECRET, maintaining that it contained national security information. The classification led to numerous complications, security violations, and delay in signing of the contract until September 2, 1986, in the final month of the contract's term. This in turn raised suspicions in the media and in Congress after the contract came to light that the secret classification was intended to cover illegal lobbying.

In January 1986 the Coordinator of S/LPD was nominated as Ambassador to Venezuela and withdrew from active leadership of S/LPD. He was succeeded in May 1986 by Robert W. Kagan. At that time S/LPD was transferred from the office of the Secretary to the Bureau of Inter-American Affairs (ARA). Mr. Kagan decided to discontinue the contractual relationship with IBC and have the contract functions performed by the ARA/LPD staff.

Congress and the media began to question the State Department's dealings with IBC and its principals, Frank Gomez and Richard Miller in late 1986 and early 1987. Various allegations of illegal lobbying and political activity began to focus on the secret contract with IBC.

On February 13, 1987, the Secretary of State requested the Inspector General to examine the procedures followed in entering into all contracts with IBC or its principals, and the performance under those contracts.

This is the Inspector General's report on his findings.

IV. FINDINGS

A. Need For The Contracts

We believe there was justification for the initial purchase order for outside assistance, during a temporary short handed situation in S/LPD early in 1984, but the practice continued through fiscal 1986, after the urgency and the original justification had passed.

A White House "Memorandum for Special Planning Group Principals" of July 1,1983 created the Office of Coordinator and the Secretary's Advisor for Public Diplomacy for Central America and the Caribbean. The office was to be located at the Department of State; support staff was to include officers detailed from "appropriate agencies and departments"; State was to provide appropriate space, logistic support, operating budget, and clerical support. Activities were to begin immediately. The office was established under the office of the Secretary as the Office of Public Diplomacy for Latin America and the Caribbean (S/LPD).

According to the Coordinator (now Ambassador), he came to State with no staff support but himself and his secretary whom he had brought from AID. The Coordinator was under considerable pressure from the White House to popularize the Administration's Central American policy, but did not have the specialized staff that he needed. This is not surprising since his specialist staff were to be provided on nonreimbursable detail from other agencies--not a very effective way to staff an office for quick action. In addition, the Coordinator was not well grounded in Department of State regulations, nor were his first detailees from other agencies. In short, he did not have bureaucratic expertise. He discovered later how to use the influence of the White House to obtain assistance from the bureaucracy of State and the other executive agencies and departments. Finding himself in a bind between high expectations for immediate action from the White House, and a lack of staff at State, the Coordinator decided to get assistance from outside through contracts.

Early in 1984 the Coordinator was introduced to Frank Gomez who was retiring from the U.S. Information Agency (USIA) and was looking for post-retirement employment. Finding that Mr. Gomez had the qualifications that he needed, the Coordinator offered him full time employment. Mr. Gomez did not want further full time employment, so they settled on a consultancy, through a short term purchase order.

Mr. Gomez's purchase order called for him to write talking points papers on Central America, prepare speaker kits, identify and refute distortions and false allegations of U.S. policy, draft sample speeches, prepare and clear op/ed pieces and feature articles, assist Central American refugees and exiles visiting Washington, arrange media events for them and make them available for Congressional interviews. His purchase order was later amended to authorize travel to Central America for contacts with those governments.

Faced as he was with a lack of adequate staff and under White House pressure to perform, we believe that the criteria for an urgent, sole source, professional services acquisition by purchase order were arguably met: the Department of State had authority, the Office of the Secretary had appropriated funds, and the personnel system did not locate and make available the needed specialized talent in time to meet the Coordinator's perceived urgency.

Unfortunately the original short term arrangement became so comfortable that it seems to have taken on a life of its own. As discussed on pages 9 through 11, purchase order followed purchase order and contract followed contract without regard for rules and regulations. Contracting for outside assistance continued even after S/LPD acquired substantial staff of its own and full time detailees from other agencies who should have been able to perform much of the work that IBC was performing. In FY 86 S/LPD had nine State and ten other agency personnel whose annual salaries alone totaled some $780,000. We believe that by that point the original justification for outside assistance was no longer valid.

When leadership of S/LPD changed in mid-1986, the new Coordinator came to the same conclusion and decided to stop contracting with IBC at the end of the FY 1986 contract, and to perform the work in-house.

The basic responsibility for balancing in-house and contract resources rests with the program manager, in this case the Coordinator of S/LPD. As long as funds are available, and the program manager can obtain those funds, contract resources can be increased (assuming, of course, that appropriate procurement regulations are adhered to). For these reasons we have made no recommendations concerning the need for the contracts. Recommendations concerning the manner in which the contracts were awarded and administered are included on pages 34 through 36 of this report.

Comments of Department Officials

In commenting on a draft of this report, the former head of S/LPD stated that the justification for contracts and purchase orders for outside assistance was greater in 1985 than in 1983 because the workload had increased. He cited specifically the need to distribute voluminous amounts of materials and publications relating to Central America which he also stated was the major purpose of the last contract with IBC. However, the distribution of materials and publications is the precise function which the current head of ARA/LPD stated he felt could be performed in-house by Department personnel when he decided to stop contracting with IBC. Consequently we believe, as we state in the report, that the original justification for contract assistance from IBC was not valid in the later periods.

B. The Acquisition Process

The practices followed in the procurements with Frank Gomez, IBC, and INSI were contrary to proper acquisition policies and procedures and failed to meet the fundamental requirements of the Federal Acquisition Regulation (FAR). S/LPD officials abused the acquisition process and OPR/STP officials, rather than control and correct the problems, condoned and assisted in the commission of unauthorized actions.

This inquiry examined seven acquisitions made by two of the organizations in the Department which have been delegated procurement authority--Deputy Assistant Secretary for Operations, Office of Supply, Transportation, and Procurement (OPR/STP) and the Foreign Service Institute (M/FSI). The purpose of our audit was to evaluate the adequacy of the policies, procedures and practices followed in acquiring these services. Our findings are divided into two sections. The first section addresses the acquisitions made by OPR/STP and the second section addresses the acquisition made by M/FSI.

1. Purchase Orders and Contracts Awarded by OPR/STP Contracting Officials

Our findings are based on our audit of the OPR/STP and S/LPD files, interviews with the OPR/STP contracting officials and the Department's Procurement Executive, and information from previous OIG audit reports. We found that

-- Purchase Orders and Contracts Were Placed After Work Had Begun;

-- Sole Source Acquisitions Were Not Justified;

-- Acquisitions Were Not Publicized in the Commerce Business Daily (CBD);

-- Acquisitions Were Apparently Split to Circumvent Regulations; and

-- OPR/STP Contracting Officials Did Not Perform Adequate Contract Administration.

a. Purchase Orders and Contracts Were Placed After Work Had Begun

The S/LPD program officials assumed the duties of the OPR/STP contracting officials by obtaining the services of Mr. Gomez, IBC, and INSI without following proper acquisition policies and procedures. Once S/LPD program officials had arranged for the services and settled the substantive issues involved in the acquisition process, they turned the work over to the OPR/STP contracting officials to process the paperwork needed to pay for the services. OPR/STP contracting officials assembled acquisition documents and signed them to cover unauthorized commitments made by S/LPD program officials. Despite the fact that these methods of conducting the Government's acquisition affairs were contrary to the acquisition regulations, the OPR/STP contracting officials did not challenge the S/LPD actions as unauthorized commitments.

For example, Purchase Order No. 1001-502074 was signed on January 28, 1985, by the OPR/STP contracting official; almost one month after IBC was to have completed the work and almost four months after IBC had been directed to begin the work by S/LPD officials. The order was awarded to IBC for $24,400. The proposal from IBC was submitted to S/LPD officials based on their discussions with Mr. Gomez. If done correctly, proposals from any and all sources should have been obtained by OPR/STP contracting officials through the prescribed acquisition procedures. However, S/LPD officials assumed the role of the OPR/STP contracting officials for this portion of the acquisition process. Next, the S/LPD officials directed IBC to perform the work without contracting officer authority and created an unauthorized commitment. This purchase order was illustrative of the other orders and contracts awarded to Mr. Gomez and IBC.

The FAR prescribes the acquisition process to ensure that the interests of the United States are safeguarded and that contractors doing business with the Government receive impartial, fair, and equitable treatment (FAR 1.602-2). The FAR clearly states that contracting officers are responsible for the control of the acquisition process and that contracts may be entered into and signed on behalf of the Government only by contracting officers. FAR 1.602 (b) provides that no contract shall be entered into unless the contracting officer ensures that all requirements of law, executive orders, regulations, and all other applicable procedures, including clearances and approvals, have been met.

We believe that additional measures must be taken by the Department's senior managers to strengthen the acquisition process and to ensure stricter enforcement of the provisions of the acquisition regulations. (Recommendation 1). Moreover, by separate correspondence, we are referring a copy of this report to the Director General of the Foreign Service and Director of Personnel (M/DGP) with a recommendation that disciplinary action be considered against personnel who were responsible for violating the acquisition regulations and for directing and managing the acquisitions from Mr. Gomez, IBC, and INSI.

b. Sole Source Acquisitions Were Not Justified

All purchase orders and contracts awarded by the OPR/STP contracting officials to Mr. Gomez, IBC, and INSI were based on inadequate sole source justifications. The documents furnished by the S/LPD program officials as justifications did not meet the requirements of acquisition regulations, but were merely capability statements. The OPR/STP contracting officials did not challenge the adequacy of the justifications. They simply accepted the documentation and did not seek free and open competition.

For example, Purchase Order No. 1001-402214 was the initial order with Mr. Gomez placed in February 1984 on a sole source basis by OPR/STP contracting officials. S/LPD's request included a document titled sole source justification. The document was merely a description of Mr. Gomez's background and capability, however. It did not demonstrate that he was the only source that could provide the services required by S/LPD.

Once this document was accepted without question by the OPR/STP officials, the die was cast. During the work of the initial order, S/LPD officials began negotiating with Mr. Gomez for the next purchase order. They used essentially the same justification for the next purchase request they prepared for Mr. Gomez's services. Using the inadequate justification, the OPR/STP contracting officials placed the second order (1001-402296) with Mr. Gomez in July 1984.

In the final contract with IBC another feature of contracting was added--the Competition in Contracting Act of 1984 (CICA). At the time this contract was being considered by S/LPD officials, the FAR had been changed to include the CICA provisions. OPR/STP contracting officials brought the new FAR provisions to S/LPD's attention; including the requirements to publicize even proposed sole source awards and seek competition to the maximum practicable extent even in cases of urgency. This contract was classified SECRET by S/LPD officials, not publicized by OPR/STP officials, and was eventually awarded on a sole source basis some 11 months after IBC began the work at S/LPD's direction.

This final contract with IBC included the addition of a new requirement, on a sole source basis, for the design and operation of S/LPD's distribution system. The distribution system services were not included in the media relations services that S/LPD had been obtaining from IBC during the period of February 1984 through September 1985. Nonetheless, S/LPD officials proposed IBC as a sole source for these seemingly ordinary services.

We believe that additional measures are needed to improve OPR/STP's compliance with the competition requirements in the Federal Acquisition Regulation. Moreover, we believe that any instructions prepared to address improvements in compliance with the competition requirements should be furnished to all the Department's acquisition offices. (Recommendation 2).

c. Acquisitions Were Not Publicized in the Commerce Business Daily

OPR/STP contracting officials did not comply with the requirements of the acquisition regulations on publicizing proposed contracts in the CBD. None of the purchase orders or contracts over $10,000 awarded to Mr. Gomez or IBC were publicized by OPR/STP contracting officials and this noncompliance was encouraged by the S/LPD program officials.

Some of the acquisitions were made during the time the Federal Procurement Regulations (FPR) were in effect (through March 31, 1984) and other acquisitions were made under the present regulations, the FAR. The FPR and the FAR both contained specific requirements for synopsizing proposed contracts over $10,000.

Based on evidence in the files, the only acquisition which was considered for CBD publication was contract 1001-602066. This contract was for IBC services for FY 1986 and was awarded through the ratification process some 11 months after IBC was directed by S/LPD officials to begin the work without a contract. It was awarded in the not-to-exceed amount of $276,186 and contained the new requirement for IBC services related to the design and operation of the S/LPD distribution system.

The S/LPD request for FY 1986 services from IBC was prepared the day before the contracting officials sent the new CICA guidance to the S/LPD officials. The S/LPD request contained the same justification for not publicizing the requirement as the first contract with IBC: "... the services and contractual arrangements of which are not to be disclosed publicly because of their character, ingredients, and components." The OPR/STP contracting officials cited the revised FAR and stated that the previous basis for not disclosing work with IBC was no longer acceptable because the FAR required publication in the CBD of proposed sole source awards and competition, to the maximum practical extent, for even those requirements that were determined to be urgent. After interaction between various Department staffs, a decision was made by S/LPD officials to have the contract and the entire contract file classified SECRET for "national security reasons." This action caused a series of delays in the acquisition process.

The OPR/STP contracting officials were aware of the requirement that S/LPD had for FY 1986 services in late September 1985, but did not act to publicize the requirements in the CBD. The negotiation summary in the contract file prepared by OPR/STP officials and dated August 26, 1986, stated: "The procurement was not synopsized in the Commerce Business Daily (CBD) due to the highly sensitive nature of the services, and the fact that S/LPD did not want the requirement to become public knowledge." [emphasis added.] In the same files, in the justification for other than full and open competition, dated April 3, 1986, the OPR/STP officials cited FAR 6.302-6, "National Security," as the basis for not providing for full and open competition. That justification went on to state: "FAR Chapter 5.202 provides an exception to synopsizing a procurement in the Commerce Business Daily (CBD) if disclosure of the Agency's needs would compromise the national security. In the case of this contract, the contractor will be performing services that fall within that criterion."

In our opinion, the reason cited by the OPR/STP contracting official for not synopsizing the proposed contract did not adequately address the FAR requirements. FAR 5.202(a)(1) states that the contracting officer need not submit the notice to the CBD when the contracting officer determines that - "The synopsis cannot be worded to preclude disclosure of an agency's needs and such disclosure would compromise national security (e.g., would result in disclosure of classified information)." The fact that a proposed solicitation or contract action contains classified information, or that access to classified matter may be necessary to submit a proposal or perform the contract does not, in itself, justify use of this exception to synopsis.

We believe the Department should issue additional instructions on the requirements for CBD synopsis. (Recommendation 3).

d. Acquisitions Were Apparently Split to Circumvent Regulations

Purchase orders with Mr. Gomez and IBC were made on a fragmented basis apparently to circumvent the acquisition requirements. The first three purchase orders were based on split requirements prepared by S/LPD program officials for periods of performance of a few months and at dollar levels below $10,000, the threshold for small purchases in effect when these orders were awarded. The final S/LPD request for a small purchase award to IBC was under $25,000, the small purchase threshold in effect at the time that order was awarded. S/LPD program officials knew they were going to continue to use Mr. Gomez's services for an extended period of time because while he was working under a purchase order or contract, S/LPD was negotiating with him for the next purchase order or contract. OPR/STP contracting officials were aware of these S/LPD actions because the S/LPD requisition documents referred to extensions of previous orders or continuation of previous services. However, the OPR/STP contracting officials did not attempt to stop these practices.

We believe that additional measures are needed to bring the small purchasing operations into compliance with PART 13 of the FAR. (Recommendation 4).

e. OPR/STP Contracting Officials Did Not Perform Adequate Contract Administration

Preaward administration includes the actions that contracting officers are required to take prior to signing a contract to determine that a proposed acquisition meets all the requirements of law and regulation. Postaward administration includes the actions that contracting officers are required to take during the period the contract work is performed up to contract completion and close out. OPR/STP contracting officials did not perform adequate preaward administration and did not perform any postaward administration.

(1) Preaward Administration

The two contract files for contracts placed with IBC showed that the OPR/STP contracting officials accomplished most of the preaward actions required by the FAR; however, there were some preaward actions that were either overlooked or were not treated adequately. Some examples of the preaward administration activities that were either lacking or inadequate were as follows:

Contract No. 1001-502160

-- The contract was placed on an after-the-fact basis but was not treated as a ratification action because of a reference in the file to a verbal approval from the Department's Procurement Executive.

-- The information in the price negotiation memorandum for the $90,000 fixed price contract was not sufficient to demonstrate that the price was fair and reasonable nor did it offer convincing evidence that a fixed price contract was the appropriate type of contract because of the number of uncertainties in the work to be performed.

-- The matter of determining that IBC was a responsible bidder was not adequately addressed by the OPR/STP contracting officials. We were told by the OPR/STP contracting officials that they had accepted IBC as a responsible bidder based on previous purchase orders placed with IBC. However, when the next contract with IBC was negotiated, it became apparent that the matter was not addressed in adequate depth. The next contract with IBC, for FY 1986 services, was classified by S/LPD officials and IBC was required to obtain a facility clearance prior to contract execution. Attempts to grant a security clearance for IBC were delayed at one point because the investigators found that IBC was in fact a loosely formed association between two other companies. If the OPR/STP contracting officials had pursued the issue of contractor responsibility as required by the FAR in their preaward actions for the $90,000 IBC contract, the organizational issues that later caused the delay in the clearance might well have been avoided.

Contract No. 1001-602066

-- The OPR/STP contracting officials negotiated this contract on a cost-plus-fixed-fee basis using audit information developed by a review of the IBC cost proposal by the Department's Inspector General. The OPR/STP contracting officials failed to require IBC officials to execute a certificate of current cost or pricing data as required by FAR 15.804-4.

(2) Postaward Administration

There was no evidence of any postaward administration in either the small purchase order or the contract files. We were told by the OPR/STP contracting officials that no administration was performed. Some of the more significant problems we identified were as follows:

-- There was no oversight by the OPR/STP contracting officials of important features of the acquisitions such as timely and complete deliveries of the services and payments of contractor invoices.

-- In the case of the final contract, a cost type contract, the OPR/STP contracting officials had not acted to obtain a final audit of the IBC costs or to settle the issue of the number of hours contracted for under the level-of-effort arrangements in the contract. The contract work was supposedly completed in September 1986; however, the actions described previously were not initiated by the contracting officials until the OIG staff began this inquiry in early 1987.

We believe that improvements are needed in the performance of preaward and postaward contract administration functions. (Recommendations 5 and 6).

f. Other Problems

We considered the lack of procurement planning that was evident in the acquisitions from Mr. Gomez, IBC, and INSI. The use of urgency as the basis for these acquisitions for the S/LPD needs was caused by a lack of sound acquisition planning .

We discussed the issue with the cognizant contracting officials. We were told that acquisition planning procedures were being developed and that requests for planned acquisitions were issued but with little results. We were also told that several policy letters on acquisition planning had been issued, the latest on March 27, 1987.

The FAR requires agencies to perform acquisition planning. Part 7 addresses acquisition planning and contains a multitude of specific requirements for agencies to follow to establish a satisfactory acquisition planning system. One of the primary purposes of the planning system mandated by the FAR is to promote and provide full and open competition or, when other than full and open competition is authorized by the FAR, to obtain competition to the maximum practical extent possible.

The actions taken by OPR/STP contracting officials to award purchase orders and contracts for S/LPD program officials based on urgent needs of the S/LPD program could have been avoided had the Department enforced the acquisition planning requirements. (Recommendation 7).

Our review of the acquisitions from Mr. Gomez, IBC, and INSI also included a review of the Department's policies and procedures currently in effect for acquisitions by OPR/STP contracting officials. The instructions we reviewed included the Department of State Procurement Regulations (Title 41, Chapter 6) and the Procurement Division Instructions issued by the OPR/STP staff. These procedures were not current with the FAR and did not address a number of the acquisition policy and procedure questions we were reviewing.

For example, during our review of the ratification action of the final IBC contract, we found that the procedures for contract ratification were in the as yet unpublished Department of State Acquisition Regulation (DOSAR). The DOSAR was published in the Federal Register for public comment on May 28, 1987. When published in final form, it will become the Department's implementation of the FAR. The delay in issuing Departmental procurement regulations has been a longstanding problem and we believe that a high priority should be placed on finalizing and publishing these regulations. (Recommendation 8).

g. Problems Reported Previously

These deficient acquisition practices are not new. A previous audit report issued by the Department's Inspector General in July 1983 on OPR/STP acquisition activities included the following:

-- "Requisitioning organizations frequently engage in procurement activities before submitting a procurement request to OPR/STP/P. They often conduct market surveys and even solicit proposals using OPR/STP/P not as the Department's major procurement activity, but as a requisition processor." The audit report included a recommendation that OPR/STP should advise all requisitioning organizations of their precise responsibilities and limitations in procurement activities.

-- "The inordinate use of sole-source procurement is attributed mainly to insufficient time to permit formal advertising or competitive negotiation and to unquestioned acceptance of the sole-source justifications of requisitioning offices." The report included the recommendation that OPR/STP should not process requisitions which stipulate sole source procurement unless the criteria have been satisfied.

-- "OPR/STP, in accordance with FPR 1-3.807-2, should establish controls and set forth procedures to assure that price or cost analysis is performed on each negotiated contract awarded and that such action is adequately documented in the contract files."

-- "OPR/STP should emphasize to all Department organizations the importance of their early identification of planned acquisitions in the procurement process even though funding is not a certainty."

Apparently, the actions taken in response to the report were not adequate to resolve the problems.

In the course of our interviews with the cognizant contracting officials we were told that there was a great deal of pressure to place the S/LPD orders and that there were inadequate OPR/STP personnel resources at the time the acquisitions were processed to perform the functions related to the acquisition process. One official simply stated that the OPR/STP small purchasing staff failed to do their job.

Contracting officials told us they generally agreed that the sole source justifications were inadequate and they did not question S/LPD officials on their actions to split the purchase requirements. Moreover, we were told that the shortage of staff caused OPR/STP to act as a "rubber stamp" operation.

2. Training Order Placed by the Foreign Service Institute Registrar

The Boreign Service Institute (M/FSI) Registrar placed Training Order No. 1001-402486 for $16,198 with IBC on September 10, 1984. The training order required IBC to conduct seminars in El Salvador on improving press relations for El Salvadoran military officials in late August and early September of 1984. The use of an M/FSI training order to obtain these IBC services appears to be inconsistent with the principles that generally apply to M/FSI training orders. Normally, M/FSI arranges for training for State Department employees that is job related. The training order with IBC was for media relations training for officials of a foreign government and was conducted by a private company in a foreign country.

According to the IBC proposal, it had been instructed to plan and execute a series of mini seminars of two days each for about fifteen persons per session. In addition to the formal class work, IBC planned to arrange meetings between a former Ambassador and senior government officials for him to impart insights, methods, and recommendations on the proper conduct of public information activities.

The M/COMP Certifying Officer stated that the invoices submitted by companies which have performed services under a training order are "self-certifying." We were told that the training order form statement--"I certify that the above named student has been properly registered as stated" was used by M/COMP personnel as the basis for certifying an invoice for payment. Therefore, the documents needed for M/COMP to process a training order payment would be a copy of the training order and the company's invoice.

We believe the procedures for "self-certification" of contractor invoices may be an appropriate method for processing payments when M/FSI personnel use a training order to acquire training using M/FSI funds for job-related training for employees. However, we believe that the use of "self-certification" of contractor's invoices for the IBC training order was not an appropriate method to process payments since the services provided by IBC deviated from the normal M/FSI training procedures.

In discussions with an IBC official we were told that IBC was asked to improve Salvadoran public relations capabilities. We were told that IBC prepared materials for the program and went to El Salvador. While there, IBC met with various people and gave them advice and a plan; however, the "seminar" never took place as a formal seminar. Instead, individual counseling took place with 20 to 25 individuals. The former Ambassador informed us that he went to El Salvador in June 1984 but not during the period late August and early September 1984. Moreover, he said that except for his travel expenses he received no other payment for the work he performed in June 1984. The IBC proposal for the seminar in August/September 1984 included a $1,000 honorarium for the services of the former Ambassador. During the same period IBC was providing services to S/LPD under purchase order 1001-402296. The order covered travel expenses to El Salvador for IBC personnel and the evaluation of the government's public information programs. S/LPD officials were unaware of the nature and extent of IBC performance under the training order.

While the IBC official told us that the work ordered by M/FSI's training order was not performed in accordance with the specific requirements of the order, the invoice submitted by IBC showed tuition for ten officials for a price of $16,198 for a two-week seminar for El Salvadoran Government Officials in late August--early September 1984. This IBC invoice was paid based on the "self-certification" process.

On July 13, 1987, M/FSI informed us that its internal controls over pass-through contracts such as the one discussed above had been strengthened to prevent similar problems in the future. We believe the delegation of procurement authority to M/FSI should be reviewed to determine whether it is appropriate for the Registrar to continue to award these types of training orders in the future. (Recommendation 9). Moreover, we believe that action should be taken to recover funds from IBC since the services specified in the training order issued by M/FSI were not performed. (Recommendation 10).

Comments of Department Officials

In commenting on a draft of this report, the former head of S/LPD stated (1) he was not aware of the procurement policies and regulations, (2) he relied on his staff and procurement office staff to insure that appropriate rules were complied with, (3) he was never informed about any irregularities in S/LPD's procurement practices, rather, he was informed that such practices were followed all the time, (4) he was not adequately supported by the Department with administrative and other personnel familiar with Departmental procedures, and (5) the pricing of many of IBC's activities such as handling defectors and establishing credibility of U.S. government officials was difficult to establish.

Officials in A/OPR and A/OPE described the causes for the problems somewhat differently. Both stated that a lack of resources within the procurement function has been a historical problem in the Department and has hindered the carrying out of effective procurement operations. However, both also stated that the majority of the fault for the problems with the IBC contracts was with the programming office (in this case S/LPD) rather than the procurement or contracting officials. A/OPR commented that S/LPD exploited the situation by entering into unauthorized commitments, selecting the source, deciding upon dollar amounts and relying on the contracting officer to correct the situation on an urgent and compelling basis to facilitate payment. Both A/OPR and A/OPE stated that S/LPD used extreme duress and "steamrolled" procurement officials to process acquisitions which did not comply with appropriate regulations. A/OPR also commented that the report did not recognize the considerable progress which has been made in the procurement operations in the Department since the subject contracts with IBC and its principals were processed. Along these lines, he stated that most of the recommendations concerning procurement operations have already been implemented.

We acknowledge that a lack of personnel resources could have been a contributing factor in the operations of both S/LPD and procurement. We found that the former head of S/LPD made many requests for staffing and other support for his office. We also verified that administrative positions in S/LPD turned over frequently and were vacant during some periods. In summary, we agree that S/LPD probably was not adequately supported by the Department. We also acknowledge that the lack of adequate personnel resources in the procurement function has been a problem reported previously by the Inspector General. Concerning progress made in procurement activities we believe that significant improvements may have been made; however, the scope of this inquiry was limited to specific procurement actions, some of which were several years old. We did not conduct a review of the Department's procurement function and therefore cannot comment on its overall operations. We will, however, conduct a complete examination of procurement activities in the future.

In our opinion, as we stated in the report, both S/LPD and procurement personnel are responsible for the problems in the acquisition process. We believe that as a manager, the former head of S/LPD had a responsibility to be knowledgeable of basic federal procurement requirements, such as the prohibition against directing a contractor to begin work or otherwise committing the government to contracts without the authority to do so.

C. Reasonableness of Prices and Performance

Some charges to the FY 1986 contract appear to be questionable. The specific types and amounts of such costs will be described in a separate report on an incurred cost audit which currently is being conducted by OIG staff. In addition, as previously discussed under the Acquisition Process, IBC's conduct of a media relations seminar differed so significantly from its proposal for the seminar that we recommended collection efforts by Department officials (see Recommendation 10). While deliverables were vaguely defined and reported, the performance by Frank Gomez and IBC on all other purchase orders and contracts was approved, accepted, and frequently applauded by S/LPD officials.

With the exception of the FY 1986 contract, we did not conduct incurred cost audits because the purchase orders and contracts were fixed price procurements. Our audit of that contract has been delayed somewhat because of the unavailability of documents and because we were requested to work through the legal firm representing IBC in obtaining information about the work performed. Based on preliminary results of the audit, it appears that travel and ADP equipment costs charged by IBC are questionable.

The travel expenses included lodging, transportation, meals, clothing, and other items for individuals while they were in Washington, D.C. and other cities in the United States under the sponsorship of S/LPD. During these visits, the exiles and defectors were giving interviews; meeting with groups, members of Congress; and attending press conferences. These work elements and costs were not specifically included in the final contract issued by procurement, although they were included in the proposal sent to OPR/STP. The amount that is disallowed will be determined during the incurred cost audit.

The charges for computer support need to be recomputed. In the cost proposal, IBC stated that $25 an hour was the best price available from vendors for computer access. This rate was accepted for use in the cost review. The actual amount IBC billed for computer usage totalled $7,981. This amount almost equalled the total cost of the computer equipment, software, and supplies purchased by IBC ($8,277). Since the equipment was not used only for the Department of State contract, and is still available for use by IBC for other clients and its own staff, there should be an adjustment of the computer charges.

Finally, the indirect rates need to be recomputed. Provisional indirect rates were computed during the cost proposal review. These rates are subject to recomputation and adjustment based on the actual costs incurred. Work performed under the FY 1986 contract, as well as all work under all other purchase orders and contracts except the M/FSI training order was invoiced, approved for payment by S/LPD officials, and certified and processed for payment by M/COMP personnel. In each case it appears that at least some work was performed; however, it appears that Department personnel approved invoices for payment without adequate evidence that required work had been conducted.

For example, the purchase order with INSI for $5,500 was for an analysis of S/LPD's distribution system for publications on Central America. The invoice from INSI to S/LPD was a one sentence statement that the analysis had been completed and that payment was requested. An S/LPD official certified that the work had been completed and forwarded the invoice for payment and payment was made. There was no written report of the analysis. Frank Gomez informed us that, while no written report was prepared, an analysis was conducted. He stated that the main purpose of the purchase order, however, was to start designing and implementing a new distribution system for S/LPD. The S/LPD official who certified the invoice for payment informed us that he did not recall whether an analysis had been performed.

We believe that purchase orders and contracts should be more specific in describing required performance and that officials approving invoices for payment should have more evidence that the required work has been performed. (Recommendations 11 and 12). On balance, almost all officials we interviewed expressed satisfaction with the quality and level of performance on the subject contracts.

Comments of Department Officials

In commenting on a draft of this report the former head of S/LPD again expressed satisfaction with the level and quality of work performed by IBC and Frank Gomez for the Department. He described in some detail the difficulty in pricing such activities as re-establishing the credibility of government officials or the handling of defectors, two of the functions he stated were being purchased under the contract. While we agree that establishing a price for some activities may be difficult, it is firmly and clearly required by procurement regulations. The response also illustrates the nature of the problem with vaguely defined work elements. As stated the functions are not only difficult to price but also difficult to measure, evaluate, and certify as completed so that payment can be authorized--also required by procurement regulations.

D. Lobbying Activities.

Although allegations were widespread, there is no evidence that S/LPD staff participated directly or indirectly in any unlawful lobbying or that IBC spent S/LPD contract funds for lobbying activities. Many of S/LPD's and IBC's activities under contract with S/LPD provided opportunities to conduct prohibited lobbying; however, there is no evidence that these officials violated the anti-lobbying statute.

Public diplomacy is separated from lobbying by a thin and complex line. The basic legislation, 18 USC 1913 (the "anti-lobbying statute") provides that

> "No part of the money appropriated by any enactment of Congress shall, in the absence of express authorization by Congress, be used directly or indirectly to pay for any personal service, advertisement, telegram, telephone, letter, printed or written matter, or other device, intended or designed to influence in any manner a Member of Congress, to favor or oppose, by vote or otherwise, any legislation or appropriation by Congress, whether before or after the introduction of any bill or resolution proposing such legislation or appropriation; but this shall not prevent officers or employees of the United States or of its departments or agencies from communicating to Members of Congress on the request of any Member or to Congress, through the proper official channels, requests for legislation or appropriations which they deem necessary for the efficient conduct of the public business."

Many of S/LPD's activities provided opportunities to conduct improper lobbying. The Coordinator and staff traveled and spoke extensively on the merits of the Administration's policy and programs for Central America. S/LPD paid for the cost of publication and circulation of pamphlets and articles favorable to the Administration's policy. S/LPD sponsored, paid for, and escorted Central American refugees and exiles to cities in the United States for speaking engagements before members of Congress and various private sector audiences. If, in carrying out these activities, S/LPD personnel had suggested or agreed that a member(s) of Congress should be contacted and encouraged to support programs in Central America, a violation would have occurred.

During our inquiry we questioned a number of S/LPD's activities and discussed them with OIG investigations staff and the Department of Justice. One such activity was reflected in a June 25, 1985, memorandum from the Administrative Officer of S/LPD to the S/S-EX Budget Officer providing information in support of S/LPD's budget request. The memorandum contained the following statement:

"During the recent congressional hearings on financial assistance to the freedom fighters in Nicaragua, S/LPD furnished floor speeches and talking papers to Congressional supporters of the President's program".

During discussions with an official from the Department of Justice we were informed that this activity was not a violation of the anti-lobbying statute as it has been interpreted by the Department of Justice. According to this individual, violations are evident only where the appropriated funds are used to effectuate a grass roots type of campaign directed at influencing a member(s) of Congress.

To some extent Congress was informed of S/LPD's activities. In the Department's FY 1987 budget request, under the Office of the Secretary, the following information was included:

"One unit within the Office of the Secretary is the Office of Public Diplomacy for Latin America and the Caribbean. This office has coordinated the efforts of appropriate agencies of the Federal Government toward a better public awareness and understanding of the administration's policy in Latin America and the Caribbean. This office also sponsors the public appearances of individuals whose experiences in Latin America or the Caribbean are germane to public debate on policy issues for the region. In the last 12 months, the office has arranged for more than 400 public appearances (including speaking before refugee and exile groups in the United States), and more than 100 radio and television appearances, of its staff and others, including foreign visitors. * * * During the same period it has arranged for publication and dissemination of publications and pamphlets (including translations of foreign originated articles)."

There is no evidence that IBC performed lobbying activities for the Department under contract. Notwithstanding the considerable press coverage of IBC's activities in this and related areas, our work to date has disclosed no evidence that S/LPD knowingly paid IBC or Frank Gomez to perform prohibited lobbying activities. As mentioned previously, the scope of our inquiry included only the activities of IBC or Frank Gomez performed under the purchase orders and contracts with the Department between 1984 to 1986. Our work did not include the activities of IBC or Frank Gomez performed for other clients.

The first head of S/LPD informed us that he was alert from the beginning that his official public diplomacy functions would put him close to the prohibitions against lobbying contained in the State Department appropriation acts and the anti-lobbying statute. He requested guidance from the Legal Adviser's office and circulated to his staff the guidance provided: "Do's and Don't's in Department Public Affairs Activities." Most of the key S/LPD officials we interviewed stated that considerable care was exercised within S/LPD to assure that lobbying violations did not occur.

There is also evidence that S/LPD participated in a group with other organizations which conducted activities which S/LPD would have been prohibited from performing (e.g. a targeted telephone campaign in selected congressional districts). One example is reflected in a document titled "Chronological Event Checklist" which was located in the S/LPD administrative files and IBC files. The document, dated March 1, 1985, lists week-by-week activities, along with the person or organization responsible for carrying them out. Three of the entries on the checklist are as follows:

Event	Responsibility
Send resource book on the Contodora process to congressmen, media outlets, private organizations and individuals interested in Nicaragua.	State/LPD
Prepare themes for approaches to Congressmen based on overall listed perceptions which will directly attack the publicly and privately expressed objections to voting for financial aid.	NSC
Targeted telephone campaign begins in 120 Congressional districts. CITIZENS FOR AMERICA district activists organize phone-tree to targeted Congressional offices encouraging them to vote for aid to the freedom fighters in Nicaragua.	(Private citizen)

We were unable to establish the authorship of this document and others like it even though we found them in both S/LPD and IBC files. None of the officials we contacted could recall specifically where the documents came from or how they came to be filed with other related documents.

We found no evidence that S/LPD funds, either directly or through its contracts with Frank Gomez and IBC, were used for the activities listed as the responsibility of the NSC and the private citizen. The preparation and dissemination of the publication on the Contodora process was a legitimate activity for S/LPD.

The SECRET classification of the IBC contract for FY 1986 probably gave rise to suspicions among the media and in Congress that illegal or improper activities were contemplated under the contract. The suspicions were enhanced by later revelations that IBC, while under contract to S/LPD, was simultaneously involved in questionable dealings with Lt. Col. Oliver North, et al. On May 7,1987 one of the IBC partners, Richard Miller, pleaded guilty to one count of conspiracy to defraud the government of income tax for his work with Carl R. (Spitz) Channell. There is no evidence, however, that IBC used any S/LPD contract funds for prohibited lobbying activities. Also, according to press reports of the testimony of Messrs. Channell and Miller to the Independent Counsel, they seem to have had no need of State Department funds for their other activities because of the generous funding available to them from the National Endowment for the Preservation of Liberty (NEPL), the tax exempt foundation of Mr. Channell.

Comments of Department Officials

In commenting on a draft of this report the former head of S/LPD objected to our inclusion of the Chronological Event Checklist. He stated that the document was irrelevant to S/LPD's activities and was not prepared by anyone in S/LPD or the Department of State. He stated that the use of the document could give the impression that S/LPD in some way condoned or coordinated the activities listed. The current head of ARA/LPD suggested that the document, and others like it, were provided to the office by IBC. He stated that all such documents were marked CONFIDENTIAL when received from IBC.

The document in question was only one of several we identified in S/LPD's and IBC's files. Other documents covered different time periods and described different activities of different organizations. Some of the documents, even those in S/LPD's files, were marked as classified and some were not. We acknowledged in the report that the authorship of the document was not established and that S/LPD's activity described in the document was an acceptable one; however, we believe that the document itself is relevant and that it accurately reflects S/LPD's association with other groups and organizations involved in activities which S/LPD would have been prohibited from performing or from paying IBC to perform.

E. Ethical/Conflict of Interest Considerations

The special inquiry disclosed a potential violation of ethical standards of conduct and a potential conflict of interest. The ethical question involved a Department of Defense employee detailed to S/LPD. The potential conflict of interest involved activities of Frank Gomez during the period immediately preceding his retirement from the U.S. Information Agency.

1. Ethical Considerations

The Code of Federal Regulations (22 CFR Part 10.735-201) lists various proscribed actions under Ethical and Other Conduct and Responsibilities of Employees. The section states that an employee shall avoid any action, whether or not specifically prohibited by the regulations in this part, which might result in, or create the appearance of: (1) giving preferential treatment to any person or (2) losing independence or impartiality.

A Department of Defense detailee to S/LPD, who served as a Senior Military Advisor from June 1984 through June 1986, and as Executive Officer from about June 1985 to June 1986, may have violated these regulations. This individual introduced his sister, who was a specialist in establishing and operating mail distribution systems, to the head of S/LPD and to Frank Gomez of IBC. Both the head of S/LPD and Frank Gomez confirmed that she was introduced by the Senior Military Advisor as his sister. At the time of the introduction, she was employed by a private firm in New York. S/LPD subsequently contracted with INSI and with IBC for analysis, design, and operation of a mail distribution system. The sister was hired by IBC to direct the work under such contracts.

By virtue of his position as the Executive Officer, the Senior Military Advisor was in a position to influence S/LPD's decision to contract for the services and IBC's decision to hire his sister. Also, even though Frank Gomez and IBC had performed various activities for LPD under several previous purchase orders and contracts, operating a mail distribution system was not one of such activities. The analysis, establishment, and operation of S/LPD's distribution system was contracted for on a sole-source basis. In addition, the Senior Military Advisor was involved in the decision by S/LPD officials to classify the final contract with IBC, which included about $150,000 for design and operation of the mail distribution system. He informed us that he probably made the suggestion to classify the contract although the final decision was made at a higher level. As previously stated, we found that the classification of the contract was done, without justification, apparently to avoid competition and public disclosure of the contract in the CBD.

Since the Senior Military Advisor is a Department of Defense employee who was on a nonreimbursable detail to the Department, we referred the matter to the DOD Inspector General for further consideration and appropriate action on May 18, 1987.

2. Potential Conflict of Interest

Prior to being employed by S/LPD on a purchase order in February 1984, Frank Gomez was employed as the Director of Foreign Press Centers for USIA. He retired from that agency on February 14, 1984 and the performance date for the work called for by the purchase order with S/LPD was February 14, 1984 through May 31, 1984.

Documents contained in the S/LPD files indicate that, while he was employed by USIA, Frank Gomez established the Institute for North-South Issues and negotiated with USIA and the State Department for contract work after he retired. The purchase order discussed above was also negotiated with S/LPD while he was employed by USIA.

This matter was referred to the USIA IG along with available documentation on May 15, 1987 to determine whether any conflict of interest laws or regulations were violated.

F. Congressional and Press Guidance

A relatively small, but important, portion of information provided to Congressional requesters and as press guidance was either inaccurate, incomplete, or potentially misleading. There was no evidence that mistakes were made intentionally.

The first external interest in the Department's contracts with IBC and its principals was by Senator John Kerry of the Senate Foreign Relations Committee on December 17, 1986. On December 19, 1986, Representative Edward Feighan of the House Foreign Affairs Committee requested information about the IBC and other contracts. Since that time numerous additional requests have been made by:

Congressman Dante Fascell, House Foreign Affairs, 2/9/87
House Foreign Affairs Committee Staff, 2/10/87
Congressman Lee Hamilton, House Foreign Affairs, 2/13/87
Congressman Dante Fascell, House Foreign Affairs, 3/4/87
Senator John Kerry, Senate Foreign Relations, 3/24/87
Congressmen Fascell and Broomfield, House Foreign Affairs, 3/26/87

Senator Kerry's December 17, 1986 request was for "any and all contracts between the State Department, or any agency or entity under its aegis, and International Business Communications, * * * or Richard Miller or Frank Gomez, two of IBC's principals, entered into at any time from 1981 to the present." In responding to the request on January 29, 1987 the Department's correspondence stated: "A search of our contract files covering the year 1981 through the present has surfaced the two enclosed contract documents." The documents referred to were the last two contracts with IBC--the FY 1986 contract for $276,186 and the contract for the 7 months ending September 30,1985, for $90,000. As discussed above, our work shows that there were four earlier purchase orders and contracts with Frank Gomez and IBC totalling $69,400 between February and December 1984.

Press guidance was prepared on several occasions in February, March, and April 1987. Press guidance prepared by ARA on February 7, 1987 included a series of questions and answers, one of which was as follows:

"Q. Why was the State Department contract with IBC backdated? Is this normal practice?

"A. The contract with IBC was not backdated. The contract was signed in September 1986 to cover the period from October 1985 to September 1986.

"The contract was negotiated well in advance of being signed. However, its terms required that the contracting firm obtain specific security clearances before the contract could be signed. Procurement regulations allow unclassified work to be performed in such cases pending the receipt of the security clearances necessary to allow the signing of the contract."

The inference that IBC delayed the classified activities and worked only on unclassified activities pending receipt of its security clearance is erroneous. The records show, and anyone familiar with the contract should have known, that IBC was conducting allegedly "classified" activities before receiving its clearance and, in fact, had completed all such activities before receiving the clearance.

We believe that officials providing information for Congressional requesters and press briefings should be reminded to exercise caution to insure that such information is accurate and complete. (Recommendation 13).

G. Departmental Cooperation with Congressional Requesters

Responsiveness to requests for information by members of the Congress and their staffs has been somewhat slow and fragmented, although the volume of information requested has been considerable. The role of the Office of the Legal Adviser in providing information to the requesters was not completely understood and was a source of some friction with some members of Congress and Congressional staff.

Departmental procedures for providing information to Congressional requesters are described in 5 FAM 110 and the Secretariat Handbook. The procedures require Congressional correspondence to be answered, or at least acknowledged, within 3 workdays from receipt in the action office. Concerning requests for information, the stated policy is that all officers are authorized and encouraged to provide prompt and forthcoming support.

The Department has been criticized, mainly by staff of the House Foreign Affairs Committee (HFAC), for not cooperating with Congressional requesters attempting to obtain information about the contracts with IBC and Frank Gomez. On February 19, 1987, in testimony before the HFAC, the Secretary was asked about the Department's unresponsiveness to the Committee's request. The Chairman and Ranking Minority Member stated that "Apparently, the Department is following an internal review process before documents are furnished to the Committee that has effectively choked off the flow of information to the Committee. In the interest of comity, we respectfully request the Department to speed up the process."

The criticism of the Department focuses on two main issues--first, the length of time taken in responding to requests for information and, second, the role of the Office of the Legal Adviser in releasing information to the requesters.

In the case of timeliness, requests for information took as long as a month, or longer, to receive a response. The request from Congressman Feighan, dated December 19, 1986, took over 3 months. On balance, the requests for information from the Department have been voluminous. One request alone involved copies of documentation for 90 procurements on 67 separate procurement actions. Another problem has been that Department officials have been quicker to promise information to Congressional requesters than to deliver such information. During an on-the-record meeting between staff of the HFAC and officials from H, ARA/LPD, OPR/STP, and L on February 10, 1987, numerous questions were asked and requests for information from the Department were made. Department officials agreed to respond to the questions and provide the information requested; however, no one inventoried what had been promised and made sure that information promised was delivered. As of May 4, 1987, some of the information still had not been provided.

The role of the Office of the Legal Adviser in the process for receiving requests from the Congress and responding to those requests has also caused consternation, particularly among Congressional and General Accounting Office (GAO) staff. The role was, or at least was perceived to be, unusual since L normally does not function as a conduit for detailed information requests and responses to such requests. All files and documentation requested by the staff, and, in the initial stages of our inquiry, even by representatives of the OIG, were first reviewed by L before being made available for examination by the staff. Requests for copies of documents were made through L. This process was criticized as an attempt to obstruct staff investigations of the Department's contracts with IBC and others.

According to the Deputy Legal Adviser responsible for coordinating the Department's cooperation with the Iran/Contra investigations, the Secretary asked the Office of the Legal Adviser to coordinate the efforts of an Informal Working Group (IWG), which was composed of persons from a number of bureaus and was designed to facilitate all of the Department's efforts to cooperate with various law enforcement and Congressional investigations underway on Iran/Contra issues. L assumed such a role before questions were raised about the Department's activities with IBC and Frank Gomez. When such questions were raised, a judgement was made that the documents involved were likely to be requested by the Independent Counsel and the Congressional Select Committees investigating the Iran/Contra affair. He stated that the IWG adopted the same procedures it had established for other aspects of the investigation to ensure that a thorough search was made, that the chain of custody of documents was maintained as required by the independent counsel, and that documents and requests therefore were logged and arrangements made for prompt access by the various investigators. He stated that this role and rationale was explained in a meeting with HFAC Staff on February 26, 1987.

We believe that Department officials should place a high priority on responding to Congressional requests for information, particularly after such information has been promised by the Department. Officials dealing with Congressional representatives should be more selective in promising information and should attempt to negotiate reduced volumes of information or phased delivery. Requests should be discussed thoroughly with requesters so that redundant, boiler plate, and routine procedural information is eliminated unless absolutely necessary. Promises of information which are made should be systematically tracked to ensure that requested information is delivered and further criticism for non-responsiveness is minimized. (Recommendation 14). The specific nature and purpose of L's role (or the role of any such working group or task force) in this and similar issues should be clearly defined, documented, and communicated to affected parties at the outset. (Recommendation 15).

Comments of Department Officials

In commenting on a draft of this report, A/OPR stated that OPR/STP took the lead in trying to be responsive to the Hill and that every initiative to release information came from the Procurement Division. He added that at no time did any of the offices involved assume responsibility for a coordinated response.

H. Other Matters

1. Classification of the FY 1986 IBC Contract.

S/LPD classified its final contract with IBC as SECRET, contending to officials in OPR/STP and L that it contained sensitive information of a national security nature. However, the contract was virtually a continuation of an unclassified FY 1985 contract, except for the addition of an unclassified document distribution system. There was nothing of a national security or even a sensitive nature in the contract. In our opinion, the real reason for classification was to avoid publication in the CBD and possible challenges to the sole source contractual relationship with IBC. Most of the remaining staff of ARA/LPD, and the former officials we have contacted, now admit that classification was an error.

The improper classification created a number of other problems since IBC could not retain a copy of the contract, and the contract could not be signed until IBC obtained a facility clearance. This led to multiple technical security violations and probably added to suspicions that the classification was to cover improper dealings with IBC.

The criteria for secret classification are contained in 5 FAM 922.1-2 which reads:

> "Information may not be classified secret unless its unauthorized disclosure reasonably could be expected to cause serious damage to the national security."

The FAM also prohibits certain classification actions at 5 FAM 921.b. It provides that "Information may not be classified to conceal violations of law, inefficiency, or administrative error; to prevent embarrassment to a person, organization, or agency; to restrain competition; or to prevent or delay the release of information that does not require protection in the interest of national security." (emphasis added).

On August 30, 1985, S/LPD requested an extension of the FY 1985 contract with IBC to provide for services during FY 1986. The only new work requirement was for the design and implementation of a document distribution system. No mention was made that the FY 1986 services would be classified. OPR/STP informed S/LPD that the FY 1985 contract was a fixed price contract and could not be extended. In addition, OPR/STP informed S/LPD that the new contract should be publicized in the CBD and full and open competition should be obtained.

On December 4, 1985, S/LPD requested a new contract and stated that the services and contractual arrangements were to be classified SECRET and not disclosed publicly "because of their character, ingredients, and components." The justification statement submitted by S/LPD was prepared so as to appear to meet the classification requirements of the FAM. The justification stated that "publication of the general nature of the performance would be detrimental to ongoing programs under S/LPD and revelation of certain operations or allowing speculation could result in serious damage to our relations with several allies and other foreign states." In a memorandum dated February 24, 1986, the Deputy Coordinator wrote: "This is a precise definition of secret." OPR/STP returned all contract documents to S/LPD where they were subsequently stamped SECRET.

S/LPD officials informed us that they decided to classify the contract because of concerns for the safety of Central American defectors being brought to the United States by IBC for media events. They said they believed that if this activity became widely known, the safety of the defectors would be jeopardized. They acknowledged this activity was not specifically described in the contract and that the same activity had been conducted by IBC under the previous unclassified contract. In fact, S/LPD had previously contracted with the U. S. Marshals Service to provide protective services for a Central American defector. The correspondence concerning the services, invoices, and request for payment were all unclassified.

In our opinion, the only rationale for classification of the FY 1986 contract was to avoid publication in the CBD and competition. The contract extension initially proposed by S/LPD was unclassified, the statements by S/LPD officials concerning the consequences of disclosing such information are not accurate, and the safety of Central American defectors does not justify a SECRET classification.

Declassification actions of ARA/LPD also did not follow proper procedures. The declassification of the contract on January 28, 1987, in response to Senator Kerry's request for copies was not improper. The Coordinator of ARA/LPD at the time of the declassification had the authority, by succession to the Coordinator of S/LPD, to downgrade or declassify a document classified by (or by direction of) his predecessor. On January 28, 1987 he wrote at the bottom of only the original copy of the contract: "Declassified by Robt. Kagan 1/28/86." (sic). The correct date was 1/28/87. However, other copies of the document were not retrieved for declassification and holders of these copies were not notified. Also various other documents which were classified subsequent to and because the contract was classified were not declassified. On June 9, 1987, following several inquiries from OIG staff, the Coordinator properly declassified the contract and supporting documentation. We believe that the Coordinator should be instructed to follow established procedures for classifying and declassifying documents in the future. (Recommendation 16).

The improper classification created an anomalous situation: the contract could not be signed until the contractor had a facility clearance; the contractor could not have a copy of the contract; and the contractor could not be paid until the contract was signed. The classification of the contract probably also gave rise to, and later fed, allegations of improper lobbying through use of a classified contract.

Having created the problem of a classified contract with an uncleared contractor, S/LPD and IBC did not act quickly to resolve the problem. Four security investigations were begun by the Defense Investigative Service (DIS) at the request of S/LPD and ARA/LPD in 1986: February 5, April 17, May 14, and July 10. According to DIS reports the first two were terminated after IBC refused to respond to the investigators; the third was terminated when DIS learned that IBC was not a registered partnership; and the fourth resulted only in an "interim" clearance, in the tenth month of the contract, but without permission to possess classified material on the contractor's premises. IBC was finally granted a secret facility clearance on November 17, 1986, nearly two months after the contract was completed. However that clearance still did not allow the contractor to have classified information on its premises. As discussed below, we found evidence that this requirement was violated and we referred the issue to the Bureau of Diplomatic Security for appropriate action.

While the fault for failure to obtain the necessary clearance is primarily IBC's, S/LPD should not have allowed its contractor to continue to perform on a classified contract without a facility clearance. (See Recommendation 16).

2. Security Violations by IBC and LPD

During the course of the inquiry several potential security violations were discovered. In responding to our request, IBC's legal firm provided documents which were marked with the security classification CONFIDENTIAL. Our information indicated that the contractor did not have authority to store classified documents and neither did the legal firm. In addition, the documents had been commercially copied before they were provided to us. During our review of S/LPD files, we found a TOP SECRET document improperly stored in a bar-lock cabinet. These problems were referred to the Bureau of Diplomatic Security (DS) for investigation and appropriate action on April 9 and May 5, 1987. (See Recommendation 16).

Comments of Department Officials

In commenting on a draft of this report, the former head of S/LPD stated that the DOD detailee told him that a procurement official had suggested that the contract be classified so he assumed that this was the proper thing to do. He also described the issue of safety of the defectors which IBC was handling for S/LPD and stated that keeping this activity secret seemed to be the prudent thing to do. The current head of ARA/LPD, on the other hand, stated that the activities conducted under the contract were not classified and that the contract should not have been classified. He stated that this was part of his rationale for declassifying the contract in January 1987. A/OPR stated that new procedures are now in effect which require all classified procurements to be brought to his attention.

In our opinion, the comment regarding the procurement officials suggestion is misleading. As the situation was described to OIG staff, the suggestion was made only in response to comments of S/LPD officials that the contract contained sensitive information which should not be disclosed to the public. The suggestion was not a concurrence that the information contained in the contract was classified. Rather, it was presented as advice to S/LPD that if the information was sensitive and should be protected from the public, consideration should be given to classifying the document.

V. RECOMMENDATIONS

1. The Department (A) should take appropriate actions to implement Department policies to ensure that program offices, including S-S/EX, ARA/EX, and ARA/LPD, are prohibited from performing the acquisition functions assigned to the contracting officers by the Federal Acquisition Regulation. Moreover, this policy should prescribe disciplinary action in those instances when a program official acts to commit the Government to contracts without the authority to make such commitments.

2. The Department (A) should direct A/OPE and A/OPR to issue instructions to OPR/STP contracting officials to reaffirm their responsibilities to adhere to the competition requirements in the Federal Acquisition Regulation. If deemed appropriate by OPE, these instructions may be provided to other contracting officials in the Department.

3. The Department (A) should direct A/OPE and A/OPR to issue instructions to the OPR/STP contracting officials to stress their responsibilities to adhere to the requirements for publicizing proposed acquisitions in the Commerce Business Daily as required by Part 5 of the Federal Acquisition Regulation. If deemed appropriate by OPE, these instructions may be provided to other contracting officials in the Department.

4. The Department (A) should direct A/OPE and A/OPR to issue instructions to the OPR/STP contracting officials to stress their responsibilities to adhere to the small purchasing procedures in Part 13 of the Federal Acquisition Regulation. Specific instructions should be given to OPR/STP officials to detect and eliminate split requirements proposed by program officials.

5. The Department (A) should direct A/OPE and A/OPR to issue instructions to the OPR/STP contracting officials to define the preaward and postaward contract administration functions they are to perform. Moreover, OPE should conduct a random review of OPR/STP contracts during early FY 1988 to determine if the instructions are being followed by the OPR/STP contracting officials.

6. The Department (A) should direct A/OPE and A/OPR to issue instructions on the use of contract audit services for both preaward and postaward contract actions. Moreover, OPE should conduct a random review of OPR/STP contracts in early FY 1988 to determine if the instructions are being followed by the OPR/STP contracting officials.

7. The Department (A/OPE in coordination with M and A) should take the actions necessary to implement an effective acquisition planning program within the Department as required by Part 7 of the Federal Acquisition Regulation. Moreover, OPE should review the results of the planning system in early FY 1988 to determine if it is achieving the desired results.

8. The Department (A/OPE) should complete the actions necessary to finalize the Department of State Acquisition Regulation as expeditiously as possible.

9. The Department (A/OPE) should review the current delegation of procurement authority issued to the Foreign Service Institute (M/FSI) and determine whether it needs to be modified to preclude the use of the Registrar's authority to issue training orders for persons outside the Department using funds that are not M/FSI funds.

10. The Department (M/FSI) should take immediate action to recover funds from International Business Communications (IBC) for nonperformance of services under Training Order No. 1001-402486.

11. The Department (ARA/EX) should instruct ARA/LPD to prepare purchase requirements in sufficient detail to allow OPR/STP to structure definitive, quantifiable, statements of work which identify deliverables and delivery dates.

12. The Department (A/OPR) should direct OPR/STP to reject purchase requirements which lack sufficient detail to develop definitive, quantifiable statements of work.

13. The Department (H and PA) should instruct all Department offices, including ARA and L, to exercise more care to insure the accuracy and completeness of information provided for Congressional requesters and press guidance.

14. The Department (H) should modify instructions for use by Department offices and officials in dealing with Congressional requesters. Such instructions should address informal or verbal requests and should include the need to:

-- place a high priority on responding to Congressional requests, particularly after information has been promised,

-- thoroughly discuss, define, delimit, and document the information needed to respond to the request,

-- obtain a written request for the information, if possible, and

-- periodically follow-up on commitments to provide information, to insure that requests do not remain open for excessively long periods.

15. The Department (H in coordination with L and S/S), when it is desirable to designate L (or any other working group or task force) as a focal point for receiving and responding to requests for information on a particular subject, should describe the nature and purpose of the arrangement in writing and communicate

it to affected parties, particularly those in the Congress, at the outset.

16. The Department (DS and ARA) should require that the Coordinator and staff of ARA/LPD familiarize themselves with the Department's security regulations and adhere strictly to the classification, declassification, and physical protection requirements of 5 FAM 920, 930, 940, 950, 960, and 970.

EXHIBIT A

KEY PROGRAM AND PROCUREMENT OFFICIALS INVOLVED IN CONTRACTS WITH IBC AND ITS PRINCIPALS

STAFFING OF KEY POSITIONS IN S/LPD (ARA/LPD) 1984-1987

Position	1984	1985	1986	1987
Coordinator	Otto J. Reich (STATE)	Otto J. Reich	Otto J. Reich (to 1/86) John D. Blacken, Acting (1/86 - 5/86) Robert W. Kagan (from 5/86)	Robert W. Kagan
Deputy Coordinator	John D. Blacken (STATE)	John D. Blacken	John D. Blacken (to 5/86)	Cresencio Arcos (USIA)
Deputy Coordinator	Johnathan S. Miller (STATE)	Johnathan S. Miller	John Scafe, Acting (USIA)	Daniel Fisk (STATE)
Administrative Officer	Vacant Matthew Freedman (USAID)	Francis Gardner (STATE) Daniel Jacobowitz (DOD)(9/85 - 12/85) Thomas F. Calhoun (STATE)(from 12/85)	Thomas F. Calhoun (to 12/86)	Vacant (Daniel Fisk, Acting)

STAFFING OF KEY PROCUREMENT POSITIONS 1984 - 1987

Procurement Division Chief	John Conway	John Conway (to 6/85) Joseph W. Globe, Acting (to 10/85) Barbara A. Garland, Acting (from 10/85)	Barbara A. Garland, Acting,(to 4/86) Robert B. Dickson (from 4/86)	Robert B. Dickson
Procurement Executive	John Conway, Acting	John Conway, Acting	John Conway (from 2/86)	John Conway

LISTING OF OFFICIALS INVOLVED IN EACH CONTRACT

Order/Contract No.		Officials Involved
1001-402214 Awarded to: Mr. Gomez	-	O. Reich, S/LPD (Requested Order) J. Miller, S/LPD (Liaison Officer)*
1001-402296 Awarded to: Mr. Gomez.	-	O. Reich, S/LPD (Requested Order) J. Miller, S/LPD (Liaison Officer)* S. Canady, OPR/STP (Signed Order)
1001-502074 Awarded to: IBC	-	J. Miller, S/LPD (Requested Order) (Liaison Officer)* S. Canady, OPR/STP (Signed Order)
1001-502356 Awarded to: INSI	-	F. Gardner, S/LPD (Requested Order) (COTR) R. Green, OPR/STP (Signed Order)
1001-402486 Awarded to: IBC.	-	O. Reich, S/LPD (Requested Order) J. Miller, S/LPD (COTR) A. Edwards M/FSI (Signed Training Order)
1001-502160 Awarded to: IBC.	-	F. Gardner, S/LPD (Requested Contract) (COTR) J. Miller, S/LPD (Proposed as COTR but not designated) J. Handrahan, OPR/STP (Negotiated Contract) B. Garland, OPR/STP (Signed Contract)
1001-602066 Awarded to: IBC	-	O. Reich, S/LPD (Requested Contract from S/S-EX) F. Gardner, S/LPD (Requested Contract from OPR/STP) R. Kagan, S/LPD (COTR) J. Blacken, S/LPD (Designated as COTR by S/LPD, not named as COTR due to rotation) L. Berryhill, OPR/STP (Negotiated Contract) B. Garland, OPR/STP (Signed Contract) J. Conway, A/OPE (Ratified S/LPD Actions)

*NOTE: No Contracting Officer's Technical Representative (COTR) was designated on the purchase orders. Instead, a Liaison Officer was designated.

Exhibit B - Memorandum from Former Coordinator
of S/LPD dated July 17, 1987

United States Department of State

Washington, D.C. 20520

July 17, 1987

MEMORANDUM

TO: OIG/AUD - Lynn W. Burgener

FROM: Ambassador Otto J. Reich

SUBJECT: Draft Report--Special Inquiry into the Department's Contracts with International Business Communications (IBC)

The following are my comments on the draft report; I can only address myself to those management decisions over which I had an impact at S/LPD. Several of the allegations concerning Department procedures occurred after I left S/LPD and many do not apply to S/LPD.

I will begin with Page 14 on the report, which is where the main text starts.

Page 14, IV, Para A. I wish to take issue with the statement that "the need for the purchase orders and contracts may have been justifiable in the beginning but was questionable in the later periods as S/LPD's in-house staff grew and gained experience." This judgment is subjective and erroneous, and frankly, constitutes second-guessing. The purchase orders and contracts for outside assistance were as justifiable as the staff grew as they were at the beginning, because the demands on the office grew geometrically while the staff grew arithmetically. As the office became more and more a reliable source of information for members of the executive branch--including the President, the Vice President, the Secretaries of State and Defense, the Director of Central Intelligence--the Congress, the media, and other audiences; demands on this office increased. In the "later periods" the S/LPD staff was just as busy as it had been at the beginning. The enormous amount of product which was demanded and received by our audiences caused our staff to work extremely long hours and every weekend. In fact the IBC contract which first drew the attention of the Congress and the press and which caused this IG report to be undertaken, was a result of the inability of the State Department to properly distribute the voluminous amount of S/LPD materials satisfactorily to audiences in the executive and legislative branches as well outside of government.

I would like to add at this point tha one of the principal objectives of the office from the very first day was to help re-establish the credibility of the Administration's information. When the office was created, a number of Members of Congress and the media were publicly questioning the credibility of the Administration. I am very proud to say that in two and a half years of producing scores of documents, speeches, briefings, issues papers and other materials, not one factual error or mistake was made in S/LPD materials. In April of 1985 Secretary Shultz told me that, in his opinion, S/LPD had done "a superlative, an outstanding" job. This sentiment about the office was not a result of carelessness or lack of attention to detail. It is very easy to second-guess the actions of an executive, whether in the government or the private sector, two years after the fact. But the reader should put himself in the position in which the Administration found itself in the summer of 1983, when banner headlines in the press too often distorted or misrepresented the facts of reality in Central America and of the policy of the United States designed to deal with the crisis (as the President correctly called it) in that region of the world. The "urgency" never passed, at least as far as the President of the United States and his senior advisors were concerned. In fact, even after I had already left for Venezuela and taken over my duties as Ambassador, the President continued to use S/LPD products in his successful battle to obtain Congressional support for his Central American policy.

There is a factual error (in the second paragraph of page 10 and again on page 14) which states "Coordinator Reich came to State in December 1983...." Actually, I began the public diplomacy activities on July 5, 1983, immediately upon public announcement of the establishment of the office. The Office had been established, as the report states on July 1, 1983, but I had been designated at a meeting of the National Security Council on June 21, 1983. [The possible reason for the confusion in the dates may stem from the fact that from July to December 1983 I was still on the AID payroll and in effect working on detail from AID to State.] The report is completely correct however, when it states that "lacking adequate staff, Mr. Reich obtained permission to contract for a short-term professional services contract in February 1984 with Frank Gomez...." I believe it is important to state (in fact, it cannot be overstated) how much this office was lacking not only in adequate staff, but in adequate resources of all kinds. As I told the IG Team, I personally had to ask constantly for resources for what was supposed to be a Presidential initiative. It took months for S/LPD to obtain its own office space, telephones, typewriters, staff, and all the other support necessary to carry out its function.

One very important element related to inadequate resources, which had direct bearing on the subject of this inquiry, was my constant request for an administrative officer from the State Department to be assigned to S/LPD to assist us in all administrative matters. This included--and I remember repeatedly mentioning this as an example of why we needed such administrative support--supervision of our outside contracts (e.g., IBC). It took over a year from the time that the office was established for a State Department administrative expert to be assigned to S/LPD. Even then, we had only what amounted to "TDY" personnel as we changed administrative officers frequently because of other priorities of the Department. In fact, over two years after the establishment of the office, I personally requested the Director General of the Foreign Service to please see if he could identify an experienced person to fill the again empty administrative slot in S/LPD. This was after a two-month gap in that position in the fall of 1985. This timing is very important and bears elaboration because it is precisely during this period in 1985 when S/LPD had no State Department administrative officer assigned to it, that the IBC contract in question (the one which is allegedly erroneously classified) was negotiated. Because of the lack of administrative support, I had to turned to a Department of Defense detailee, an active duty military officer, to help me with administrative matters. This officer was an extremely hard-working and conscientious individual but he had absolutely no knowledge of State Department procedures, much less contracting. However, I had no choice but to turn to him as I had already been designated as Ambassador to Venezuela and was trying to focus on my ongoing assignment, while still trying to keep the office in operation. In fact, it was on a trip to Quito, Ecuador, in October of 1985 to attend the Andean Chiefs of Mission Conference in anticipation of my future Ambassadorial assignment that I requested the Director General of the Foreign Service to find S/LPD an administrative officer. I told the Director General that

I wanted to leave S/LPD in the best possible management condition. Immediately upon his return to Washington, the Director General did find us an administrative officer, but this person could not be detached from his assignment until six weeks later (December 1985). In effect, therefore, we were without administrative support for another crucial period. It can be argued that the inability of the Department to provide S/LPD with such help was an important contributing factor to any irregularities which may have occurred in the handling of the IBC relationship. I think it is a very telling commentary on the Department's priorities that one and a half years later (1987) approximately half a dozen experienced State Department auditors were found to look into the contract. These individuals spent a total of approximately two to three months looking into this relationship. Had we had just one of these capable and knowledgeable individuals assisting us with our contracting procedures in S/LPD in 1984 and 1985, perhaps the American taxpayer would have been spared the need for, and saved the cost of, this investigation.

Going back to the Report itself, on page 12, third paragraph, it is stated that "in January 1985 the coordinator of S/LPD was nominated as Ambassador to Venezuela and withdrew from active leadership of S/LPD." This is not correct. It would be correct to state that I withdrew completely from active leadership of S/LPD at that time. I had indications since May of 1985 that I was going to be nominated as Ambassador to Venezuela. In August of 1985, President Reagan signed the internal memorandum approving my nomination and requesting FBI and other clearances. In early December of 1985 I received the call from the President officially requesting that I take the job of Ambassador. The last step, in January 1986, was the public nomination of the Ambassadorship and the transmittal of the nomination papers to the Congress. At that time, I withdrew completely from S/LPD leadership and concentrated full time on my confirmation hearings and in continuing to prepare for the Ambassadorship (something which I had already begun to do, concurrently with my S/LPD duties, in the summer of 1985).

On page 16, the report states that the criteria for a sole source contract with Frank Gomez appeared to be weak though justifiable at first. As the report iself states on page 15, I was not familiar with State Department regulations and I relied entirely on the advice I received--usually through someone on my staff--from the contracting office at State. When Frank Gomez appeared on the scene, I was told--repeatedly--that sole source contracts "were done all the time" and were perfectly legal. The report also seems to question why Frank Gomez received a series of short-term contracts. There appears to be a contradiction here, in that a sole source contract was initially justifiable but not later, as Mr. Gomez proved himself capable of doing the job even better. I would like to reiterate what the report states, and that is, that I did not know Frank Gomez until I took over S/LPD. When he became available in early 1984, I had no knowledge of how he would be able to perform for us. Therefore, I thought that the prudent thing to do from a management standpoint was to try out Mr. Gomez for a short period of time. I was very impressed with his performance and extended the contract for another three months, and, as the report states we continued increasing his activities, as well as his remuneration, in subsequent contracts. Borrowing from some of the hindsight so abundant in this investigation, we could ask whether S/LPD's initial contract with Mr. Gomez should have been for one year, thus avoiding the present aggravation of having to explain three consecutive short-term contracts; would that have been justifiable?

On page 17, the report states that by FY 86, S/LPD had nine State Department and ten other agency personnel and that, therefore, by that point the original justification for outside assistance as no longer valid. This is another example of Monday morning quarterbacking. In FY 86, the demands on the office far exceeded the office's capabilities. On many occasions, we had personnel working until one o'clock in the morning and through entire weekends, something that is not common procedure in the State Department, even though it is one of the hardest working of all executive departments. I simply could not justify continuing to demand that kind of performance from my staff forever. If anyone questions those statements, all they have to do is interview any and all of the S/LPD staff to determine what the working hours were. Additional evidence is available from the overtime requests for secretaries. It is very easy now for people totally unfamiliar with the demands on this office and the working conditions prevalent at that time to make the statement that "outside assistance" was no longer justified. In fact, it was probably even more justified in 1985 than it had been in 1983 since we did not know at the beginning exactly what the demands on the office were going to be. Moreover, the last contract for IBC, most of which was for distribution of S/LPD publications, was made necessary by the enormous amount of material which the office was producing. The materials were simply not getting into the hands of the people who needed to have them. The Administration continued to be criticized by officials in the Congress, the public, and even the press about the lack of effectiveness in "telling its side of the story on Central America." Having contacted the Bureau of Public Affairs, and having examined all of the available avenues open to us to distribute the Department's publications, I came to the conclusion, with the assistance of other State Department officials, that the most efficient method open to us was to seek and outside source of distribution services. I was told this requirement could be added to the IBC contract. Once again, I had to assume that the information I was receiving from the Department's experts was correct especially since, as the report itself indicates, we were not told otherwise.

The second paragraph on page 17 is not entirely correct. It states "when the leadership of S/LPD changed in mid-1986, the new coordinator came to the same conclusion and decided to stop contracting with IBC at the end of the FY 86 contract and to perform the work in-house." I recall that prior to my departure for Venezuela, I had met with the new S/LPD coordinator and among other things told him that I thought that the IBC contract was simply taking too long to negotiate (it was indeed not concluded until September 1986) and that I felt that he should find some other way to get the job done. This was not a reflection of IBC's ability to do the job, it is more a reflection of the frustration with the contracting procedures. I was not aware at that time of the reason for the the difficulties with IBC, and in fact, have only become aware of all of them by reading this report. I did know, however, that if they were ever going to get the job done of getting the material distributed, and since the IBC contract was taking so long, that the Department had to find some other way to do it.

Page 19. For each example which is listed on this page as evidence that S/LPD "abused" the process, I have to respond that I asked, at every opportunity, whether the recommendation that was being made to me, by whichever person was monitoring the contract and dealing with the contracting office, was legal and standard procedure. At every step I received the reply that this was standard procedure and completely legal and "done all the time." The example of acquisition activities listed on page 21-22 of the report was thought by me at the time to be completely normal. I had no reason to believe otherwise since, as the report itself indicates, "the OPR/STP contracting offices did not challenge the S/LPD actions as unauthorized commitments." How am I supposed to know, when I am attempting to run what was later described by seventh floor principals as one of the most productive offices in the State Department, that the office upon which we were relying for contracting advice and assistance had, in the words quoted in the report, "failed to do their job?"

On page 23 the report states that the sole source acquisitions were not justified. I believe this is partially second guessing, but also that S/LPD was let down once again by the experts in the Department. On "sole source" as well as the other apects of these acquisitions, I was told that "this was done all the time" and that I had no reason to believe that our recommendations were inadequate or were not justified. Since none of these contracts were rejected by the contracting office, I had to assume they were adequate and proper.

I would argue with the tone of pages 24-25 in that there appears to be a question about Frank Gomez' ability to qualify for a sole source contract. Considering the condition of S/LPD staff at that time, and the demands upon the office, someone with Mr. Gomez' background was practically made to order.

On page 36 there begins a discussion of whether or not some of the contract amounts constituted a "fair and reasonable" price. It is very difficult to determine just exactly what price to put on the credibility of USG offfficials. It is therefore very difficult to put a price on the ability of an individual or a corporation to assist the USG and its highest officials to obtain understanding and support for a particular policy, (the success of which may in fact event a major foreign policy disaster). I mention the above to attempt to put the pricing issue in its proper perspective. For example, in 1981, (long before the establishment of S/LPD) the State Department, in an attempt to prove the fact that the Salvadoran guerrillas were receiving support and assistance from Nicaragua, issued a so-called "White Paper" which reported extensively on the evidence of Nicaraguan support for the Salvadoran guerrillas. In their continuing effort to discredit the Administration's policy, some members of the national media found minor errors in the multi-page 1981 report. Immediately thereafter, in order to support their own effort, they began to call it "the discredited White

Paper." This was a very embarrassing incident to the U.S. government. It took approximately two years to overcome the damage to the credibility of the Administration in the Congress and the press regarding what everyone now knows to be the overwhelming evidence of Nicaraguan support for the Salvadoran guerrillas during that and subsequent time periods. (The Congress of the United States in 1985, in order to end this discussion once and for all incuded language into legislation which states that it is the opinion of the Congres that Nicaraguan support for the Salvadoran guerrillas is indeed true). When S/LPD was created, the experience of the so-called "White Paper" was still very fresh on everyone's mind. One of the very important areas in which Mr. Gomez assisted us was in insuring accuracy in some of the papers as well as in bringing to us unclassified materials which could be included in such papers. Some people may consider those services to be relatively inexpensive. It is certainly inexpensive when one considers the cost to the Government of the United States of having its statements constantly questioned by friend and foe alike.

There is another aspect of Frank Gomez' work which has an impact on pricing. Gomez was helping us to deal with defectors from Central America whose lives had been threatened by the government of Nicaragua and by the Communist guerrillas in El Salvador. He handled, very effectively, I must add, a number of those defectors. He helped us with the physical care and feeding of these human beings who found themselves in a totally strange country and whom in no case spoke English; they did not have any contacts in the United States, nor any knowledge of how to even get around. I believe this would be an appropriate time for me to comment on the haphazard way in which the United States too often handles defectors. It is no surprise that the U.S. Government has been embarrassed by cases such as that of the Soviet KGB defector Yuriy Yurchenko who redefected to the Soviet Union in early 1986, three months after his defection to the U.S. In 1982, one year before S/LPD was created, the U.S. Government suffered another major embarrassment when a Nicaraguan who had been captured in El Salvador fighting with the Marxist guerrillas was brought to Washington by high State Department officials in order to re-tell the story which he had told the Salvadoran authorities of his training in Cuba and Nicaragua as well as his insertion into the Salvadoran conflict by the Nicaraguan government. This captured Nicaraguan, whose last name was Tardencillas, changed his story when he was put on U.S. national television and said that he had been "tortured" and "forced" to tell a lie and that he had never been trained by the Cubans or Nicaraguans. We know now (and knew then) that Tardencillas was lying in this latter version of his story. But the damage to the credibility of the USG around the world had already been done. Tardencillas was returned to Nicaragua and it took approximately a year to live that episode down. I am proud to say that never in the two and a half years in which I headed S/LPD, did we have an incident with defectors. Can someone put a price on that? We took pains to prevent such incidents with our in-house staff, but on occasion Frank Gomez helped us screen defectors to make sure that they were not "plants" or foreign agents. Under S/LPD's management of defectors, there were many requests for them from several members of Congress, including the then Chairman of the Senate Intelligence Committee, David Durenburger of Minnesota.

The report says that "although deliverables were vaguely defined and reported, the performance by Frank Gomez and IBC on all other purchase orders and contracts was approved, accepted, and frequently applauded by S/LPD officials." I would go even further. I would say that we "enthusiastically" applauded Frank Gomez' performance. As I told the IG team investigating this relationship, I believe that Mr. Gomez performed exceptionally well for the USG almost without exception. The question we have to ask ourselves when dealing with contracts such as this one is: How does one determine the real value to the U.S. Government of, for example, something as "vaguely definable" as re-establishing credibility? Or of avoiding a repetition of the "White Paper" or the Tardencillas incident?

Classification of the FY 86 IBC contract. I would like to set forth my version of why the FY 86 IBC contract was classified secret. At some point in the fall of 1985 to the best of my recollection, the military detailee who had been acting as liaison with the rest of the Department on S/LPD contracts, told me that it had been suggested to him by a Department official that the contract be classified. Knowing that he was in constant communication with the contracting office and other entities of the Department trying to get this contract approved, I naturally assumed that this was the proper thing to do. In 1987, in response to questions from the IG and the GAO, I stated that I had probably given the go ahead for the classification for that contract. I have no evidence to the contrary even today. That is, that I probably did tell the officer to go ahead and to through channels to get the contract classified. The IG report states that there was no justification for that classification. I believe that does not take into account the circumstances. As I mentioned earlier, IBC was dealing with defectors on behalf of S/LPD, and keeping that relationship secret seemed to be a prudent thing to do.

Although IBC had been handling such defectors from practically the onset of its relationship with S/LPD, in the summer or fall of 1985 we received indications that at least one of the defectors whom we were handling, Mr. Alvaro Baldizon, was under a death threat from the government of Nicaragua. (Baldizon's brother was "arrested" in Nicaragua immediately after the defection, disappeared, and is presumed dead). We had been advised that there might be a hit squad in the U.S. sent by the government of Nicaragua to assassinate Baldizon. I therefore requested protection for Mr. Baldizon from the U.S. Marshals. They provided this service but, much to our surprise, proceeded to charge the Department of State at the rate of approximately $8,000 a week for round-the-clock protection for Mr. Baldizon. I received a call from S/S-EX stating that we should sever the contract with the U.S. Marshals because the Department simply "could not afford it," that the Department did not have the funds to provide that kind of expensive protection for Mr. Baldizon. At that point, one could say that S/LPD was really in a bind. On the one hand, a defector had trusted his life to the USG and on the other hand, the Department, in effect, washed its hand of this individual. We have to understand that when people trust their lives to the USG, we have a moral responsibility and cannot discard that responsibility simply because the U.S. Marshals decide to charge $8,000 a week to guard that person. At any rate, when the Department told me to sever the relationship with the U.S. Marshals, I asked Frank Gomez if he could help take care of Mr. Baldizon. Mr. Gomez said that he could, and as a precaution, proceeded to move Mr. Baldizon around the Washington area from hotel to hotel as well as to feed him and take care of his basic human needs. Earlier, we discussed the matter of what constitutes appropriate pricing for a contract such as this. I would be very interested in knowing how much the services provided by Mr. Gomez on behalf of the Department of State, in taking care of a politically sensitive defector with a price on his head are worth to the USG. If the security alone for such an individual is worth $8,000 a week (or $416,000 a year), then was the contract that was being negotiated with IBC for approximately $10,000 a month (in addition to the distribution services) adequate or appropriate?

I object to, and disagree with, the characterization of the statement on page 69 of the report that the reason for classification for the contract was "to restrain competition." I do not believe that was the reason why the contract was classified; I have stated why I believe the contract was classified. I believe that if the information we had received about Mr. Baldizon was correct, that is, that he was under threat of assassination, and if that assassination had been successfully carried out while he was in our custody, that that would have caused serious damage to our nation. Defectors are the repository of a great deal of very valuable information which often impacts on our national security. If we cannot care for these people, then other potential defectors, who may have even more valuable information, would probably, human nature being what it is, at least think twice if not actually change their minds, about defecting to the U.S. If I may add my own unofficial recommendation to this repoort, it is that the USG establish a better system than presently exists for dealing with defectors that includes not only their physical but also their emotional and spiritual needs. I would be curious as to how many IG or Congressional investigations would have been launched had a successful assassination been carried out against one of the defectors which S/LPD was caring for or "handling." Would there have been an outcry from some of the same staff or members of Congress who are quick to criticize the Administration for the IBC contract? Would they have been quick to criticize the Administration for not being able to take care of defectors?

Page 44, paragraph 2. The allegation regarding the training order placed through FSI was a surprise to me. I was under the impression that the training described in the order had indeed taken place. I will be interested in knowing if there is a plausible explanation of this case. In the meanwhile, I fully agree with the two recommendations of the IG report on this issue. I had never heard of a "self-certification" system of payment and find it inadequate. I would like to point out, however, that this event also occurred at a time when S/LPD had no administrative support. Our aid detailee who was handling this contract (and all other administrative matters) left in late August 1984 and was not replaced for several months. This obviously contributed to the confusion on this contract. One additional factor which may be relevant: it bears remembering that S/LPD did not deal with "normal" issues. In this particular instance, for example, the principal counterpart in the government of El Salvador with whom Mr. Gomez dealt, a Lieutenant Colonel Cienfuegos, was assassinated by the communist guerrillas just six months after the time in question (March 1985). The opinion of both USG and Salvadoran experts at that time was that the guerrillas had killed LTC Cienfuegos precisely because he, and his office, had become too effective in dealing with the international press. Their response was to shoot him through the head and drape him with a red flag with the guerrilla movement's initial on it. As I said, this may or may not be relevant, but that is the environment in which we operated.

Page 53, Para D: Lobbying activities. The first paragraph appears to be contradictory. The first sentence states that "although allegations were widespread, there is no evidence that S/LPD staff or IBC personnel contracted with the Department participated directly in any unlawful lobbying." I agree with that. The next sentence states "there is considerable evidence, however, that S/LPD conducted and participated in activities which came close to prohibited categories, and were interpreted as illegal by some observers." I do not understand who these anonymous "observers" are and why their "interpretation" should have any weight in this report. I believe this last sentence should be struck. As the report indicates, the Department of Justice looked at the allegations and found that the activities of S/LPD were lawful. The opinions of the unnamed observers are, therefore, irrelevant.

The report also states that "while S/LPD did not violate the lobbying statute, there is considerable evidence, however, that activities were carried out which are very close to the line between authorized informing and unauthorized attempting to influence." I object to this statement because there is absolutely nothing wrong with coming "very close to the line." I do not know which "line" this report is talking about, but if that "line" is the law then it should be very clearly stated that S/LPD's activities were all within that law. As the report itself indicates, S/LPD management went to great pains to ensure that all our activities were within the statutes.

The report then goes on to say something very strange: "Among other things the S/LPD coordinator and staff travelled and spoke extensively on the merits of the Administration's Central American Policy." I really do not understand what this statement is doing in this report. State Department officials constantly travel and speak throughout the country on the merits of any Administration's foreign policies and there is nothing wrong with that. In fact, there is an entire bureau (the Bureau of Public Affairs) designed to organize such travel and speaking engagements. That statement is confusing and gives the wrong impression.

Perhaps this would be a good time to point out that one of the reasons why S/LPD was created at such a high level (the National Security Council) was because, in the opinion of the highest policy makers of the USG, the State Department was simply not performing satisfactorily in communicating to the American people the Administration's policy objectives in Central America. The Bureau of Public Affairs at the State Department and other Executive departments were simply overwhelmed with requests for speakers and other materials on the Central America policy. I was informed when the office was created that the President, the Vice President, and others were, to say the least, very upset with the inability of the Executive Branch to publicly communicate to the American people what the USG was trying to do in Central America. In subsequent conversations with the President, the Vice President, and a number of Cabinet Secretaries, I was able to personally confirm that sentiment.

The report states that S/LPD "subsidized" publications supporting the President's Central American policies. This is a very strange statement. We not only "subsidized" publications, we confess to paying for them. This was clearly within our mandate and within the law. It is also something which the Department does regularly and for which there is great public demand. If the United States Government cannot communicate directly with the American people, we are in very serious trouble because many major media are no longer a reliable source of information on issues such as Central America. One reality, however, is that the press always has the last word on any debate. (As I am sure it will have on the subject of this report.)

In addition, I would like to point out that, according to law and established practice, S/LPD's activities that pertained to the Congress were done in response to requests to members of Congress or coordinated through the Department of State's Office of Congressional Relations or the White House or NSC congressional relations.

On pages 56 and 57, an example is given of what is called "evidence that LPD participated in a group with other organizations which conducted activities which LPD would have been prohibited from performing." I will state again what I stated to the IG Team: This example is irrevelant. The paper from which this example is taken was not prepared by anyone in S/LPD nor, in my opinion, by anyone in the Department of State. It was probably one of the literally hundreds of papers which S/LPD staff picked up at the hundreds of meetings which were attended by the staff outside the Department over a period of two and a half years. I do not know who prepared this particular paper, but the inclusion of these examples in this report may give the reader the impression that S/LPD in some way condoned or coordinated the activities listed.

Finally, I would like to point out two things on behalf of the "senior military advisor" who is alleged to have committed an unethical act. First, he was not the executive officer from June 1985 to June 1986, but rather only from September 1985. This is important because he was not in a position, as the report states, to "influence" S/LPD's decision to contract for the services of his sister. Second, from the very outset, he disclosed the kinship and separated himself from management decisions affecting his sister. There is enough character assassination taking place in Washington right now without the Department unnecessarily participating in any.

Conclusion: S/LPD was created largely in response to criticism in the Congress and the media that the Administration was not "leveling" with the American people on Central America; that the Administration was either not telling the truth or did not have the facts to back up its principal contentions about the crisis in the region. Very often, when Administration officials would testify before Congress or speak to the press, they would have to fall back upon the true but inadequate excuse that "that is classified and I cannot share it with you." After a while, even reasonable people tend to believe that is a cover-up for lack of information, rather than an effort to protect sources and methods. When S/LPD was created, one of the first tasks that it undertook was an attempt to work with the intelligence community to declassify the enormous amount of intelligence available and which did prove we were being truthful. This task was accomplished due to the cooperation of almost all (there were some notoriously tight-fisted ones) members of the intelligence community. It should also be pointed out that S/LPD was an experimental program. It was the first and for almost two years after its inception the only Office of Public Diplomacy in the State Department (or the Executive Branch). As a result much of what the office did was brand new and did not have precedent. The three principal areas in which it operated were (1) information gathering, (2) information processing, and (3) information dissemination. In each one of these areas I believe that we broke new ground, such as for example, in enhancing cooperation with the intelligence community for accelerated declassification of information; or by obtaining unclassified information which corroborated classified information which could not be declassified because of the source or method of acquisition; or by attempting to ensure that the information available to the executive branch was also available to Members of Congress, members of the press, and as much of the public as was interested in that information. It was this last effort at distribution which the final IBC contract attempted deal with. The bulk of the IBC FY 86 contract was for distribution services. It must be reitereated that that is not the reason why the contract was classified; as we know, the contract was classified because among the other services at IBC was the handling of defectors from Central America, some of whom had a price on their head.

There are many cases when S/LPD was the only source of unclassified information available to policy makers. For example, at a press conference in the summer of 1984 President Reagan personally highlighted the S/LPD publication "Nicaraguan Military Buildup and Support for Subversion." It goes without saying that for the President of the United States to use one of the first major projects a brand new office, and which had been completed in just a few months, was a great source of pride and satisfaction to the staff and it encouraged us to continue our efforts. In addition, there were other instances when, as S/LPD products became more and more sophisticated and relied upon, that there were additional demands upon the office. For example, there came a time in 1985 when a very high level Cabinet official asked for a particular unclassified chronology of Nicaraguan incursions into Honduras and Costa Rica. Incredibly enough, we found that S/LPD was the only office in the Executive Branch which had prepared such an unclassified chronology dating back to the very first week of the Sandinista takeover of Nicaragua in 1979. There were many instances such as this in which very high ranking (as well as other) members of the Executive Branch and the Congress came to rely on the Office of Public Diplomacy. In most cases, we simply provided the information to an intermediary office or bureau of the Department or the White House for transmittal to the end users. It should also be pointed out that this was accomplished with one of the smallest budgets of any such office in the executive branch and also one of the smallest staffs. As the IG report indicates, we had approximately $750,000 per year, not an exhorbitant amount if we believe that the American people have a right to know what its government is doing. In fact, it is only a fraction of the cost of what the Iran-Contra investigation is costing, and for the same reason: because "the people have a right to know."

I accept responsibility for that which is my fault. I was in charge of the office and if there were any technical violations, then they happened on my watch. But I was given to believe that there was an entire team of experienced contracting, legal, administrative, and other officers supporting my office. It is not coincidental that the principal issue in the investigation, the contracting procedures and classification of the final IBC contract, happened precisely during a period of three months in which our office did not have a single State Department administrative officer assigned even though I had constantly requested one. It was during this period of September to December 1985 when I had to rely on an active duty military officer on detail to the State Department to help me try to untangle the jumble of regulations concerning contracts. This was not fair to a military officer with no experience in State, performing a job for which he was not trained and which he did not expect to do when he was assigned to the Department of State.

Although S/LPD was indeed one of the smallest offices in the Department, it was also one of the most productive. At least that was the opinion of the Secretary of State as expressed to me on the 30th of April 1985, when he offered me a promotion based on my performance for the previous twenty-two months as Coordinator for Public Diplomacy.

This was also the position, as expressed to me by other Seventh Floor principals, two U.S. Permanent Representatives to the United Nations; the late Director of Central Intelligence Mr. William Casey; the Vice President of the United States; a number of Senators and Congressmen: U.S. Ambassadors to Latin American and European countries; three advisors to the President for National Security Affairs; a number of superiors, colleagues, and private sector people whose opinions I value; and finally, the President of the United States on the 16th of May 1986, as I departed Washington to assume my duties as Ambassador to Venezuela. In fact, if S/LPD's experience is any indication, I believe that the taxpayer will be well served by reducing the number of personnel in many large Executive Branch offices and having them become more cost effective and productive. I realize of course that that recommendation is not feasible in every case, but the productivity of the interagency personnel in S/LPD is a testimony to the dedication and professionalism of career and non-career government officials and secretaries, who worked tirelessly and in many cases around the clock to perform a duty which they had been told and knew to be a high Presidential priority.

Other than the fact that, with the benefit of the hindsight which this report provides, I am now aware that I should have paid more attention to the lack of support we were getting from the rest of the Department, I have absolutely no regrets about my management of S/LPD.

Exhibit C - Memorandum from Coordinator
of ARA/LPD dated June 25, 1987

United States Department of State

Washington, D.C. 20520

June 25, 1987

MEMORANDUM

TO: OIG/AUD - Lynn W. Burgener

FROM: ARA - Robert W. Kagan

SUBJECT: Comments on IG Draft Report on IBC Contracts

While ARA/LPD generally finds the draft report to be fair and balanced in its findings relative to Department contracts with IBC, et al, there are several areas which require comment.

Classification and Sole Source Procurement Without Proper Justification. On page 2, and in other references throughout the report with regard to classification of the FY 86 contract and the sole source justification of other contracts/purchase orders, the report states that the contract was improperly classified "without justification." This implies that no justification was submitted, which was not the case. Justification of the proposed classification and sole source statements were provided and were not challenged by contracting personnel. Recommend that references be changed to indicate that classification and some sole source requests were approved "without adequate justification" rather than implying that no justification was submitted.

Staffing. The report discusses the use of purchase orders to obtain short-term expertise and personnel when the office was first being formed. In pursuing the logic trail of this decision on page 16, the report states that the personnel system was not capable of providing sufficient talent "in time to meet the Coordinator's perceived (emphasis added) urgency." The use of "perceived" indicates that urgency existed only in the mind of the Cooordinator. Ambassador Reich was selected to establish a new office in order to work one of the Administration's top foreign policy issues. He could not hope to accomplish his job without an adequate staff. Recommend that statement be changed to read, "the needed specialized talent in a timely manner."

Lobbying. On pages 3 and 4 and on pages 53 and 54, the report states that LPD did not participate in lobbying activities but that it often operated "close to the line" between authorized "informing" and unauthorized "attempting to influence." Specific reference is made to the extensive travel and speaking engagements of the Coordinator and his staff. While not so stating, the report seems to imply that such speaking engagements may have been a questionable activity. We do not believe this to be the case. The office was founded because public opinion polls showed that the public did not understand Central American issues and events nor did they understand U.S. interests and policies in the region. The major focus of LPD has been to inform the public in the belief that a public which is well-informed and follows the issues will support the policy. One of Ambassador Reich's major objectives was to increase public awareness of the significant foreign policy issues in Central America and to raise the level of public debate on those issues. Ambassador Reich and his staff became recognized as respected, authoritative sources who were sought after by both the media and private organizations to speak on the issues. The Coordinator must be able to speak out on the issues and to explain the policy. We do not believe that the report should imply that public and media speaking engagements or the production of documents may in some way constitute an improper activity.

Conduct of Classified Activities by IBC and IBC Possession of Classified Documents. The report unequivocally concludes that there was no real justification for the Secret classification of the FY 86 contract. However, on page 64, in a critique of prepared press quidance, the report states: "The inference that IBC worked only on unclassified activities pending receipt of its security clearance is erroneous. The records show, and anyone familiar with the contract should have known, that IBC was conducting allegedly 'classified' activities before receiving its clearance and, in fact, had completed all such activities before receiving the clearance." Either the activities were classified or they were not. If they were, then the contract was correctly classified. If they were not, then Department representatives should not be criticized for saying that classified activities were not conducted under the contract. It should also be noted that the press guidance was prepared after the contract was declassified.

The quoted statement implies that anyone familiar with the contract should know that IBC was conducting "classified" activities. The statement of work included many activities, some of which may have been classified and some of which obviously were not, e.g., distribution of LPD publications. The report implies that because the contract was "classified" any activities conducted under the contract were by definition "classified." After S/LPD became ARA/LPD in the spring of 1986, the only substantive service provided by IBC was related to distribution services. This work was not classified.

The press guidance stated (page 63) "Procurement regulations allow classified work to be performed in such cases pending the receipt of the security clearances necessary to allow the signing of the contract." This statement may not be correct. If procurement regulations do not provide for this situation then the press guidance was incorrect and misleading and the report should so state. However, that is considerably different from implying that Department personnel knew that classified work was being done, but failed to acknowledge it.

The statement discussed on page 64 and statements regarding the IBC possession of classified documents on pages 73 and 74 apparently refer to the "Chronological Event Checklist," dated March 1, 1985, which is quoted on page 57. When the IBC contract became a public issue, ARA/LPD requested that IBC provide appropriate files on IBC activities under the contract. IBC provided a notebook containing various memos and status reports on February 11, 1987. Several Chronological Event Checklists, which were stamped Confidential, were in the inside jacket pocket of the notebook. No one presently in ARA/LPD had ever seen these checklists before. We are not aware of inspectors finding other copies in normal LPD files other than those provided to ARA/LPD by IBC in February 1987. To our knowledge, there is no evidence that S/LPD gave those checklists to IBC. It is unlikely that the checklist was developed at S/LPD since, as quoted, the document refers to State/LPD rather than S/LPD. The report should say that it is unknown, or that the IG was unable to determine, whether these checklists were provided to IBC by LPD personnel.

ARA/LPD was not aware of work that IBC was conducting for other clients, some of which may have been of a confidential nature. In the opinion of ARA/LPD personnel, no classified work was conducted for LPD under the FY 86 contract. If IBC was improperly doing classified work for others, it does not follow that ARA/LPD personnel "should have known" about it.

Declassification of Contract. On page 72, the report discusses the declassification of the contract and criticizes the way in which the declassification was accomplished. These criticisms are valid; however, it should be noted that the handwritten declassification note was written in the Legal Advisor's office at the suggestion of the Legal Advisor to review the contract for possible declassification.

The report states on page 72 that, "We believe that the method of declassification indicates that the involved officials did not give much credence to the 'national security' contention in their earlier classification justification statements." This statement implies that the officials who declassified the contract and those who submitted the original justification statements were one and the same. This is not true. The decision to classify was made by members of S/LPD; none of which are still with ARA/LPD. The contract was declassified by Robert W. Kagan who was not affiliated with ARA/LPD until May 1986. Mr. Kagan is on record as stating that he does not think the contract should have ever been classified. Declassification was accomplished by Mr. Kagan, with the concurrence of the Legal Advisor, based upon the belief that activities conducted under the contract were not classified and in an attempt to be as responsive as possible to Congressional and media inquiries.

Exhibit D-Memorandum from A/OPR, dated June 23, 1987

United States Department of State

Washington, D.C. 20520

June 23, 1987

MEMORANDUM

TO: OIG/AUD - Lynn W. Burgener

FROM: A/OPR - Richard C. Faulk

SUBJECT: IG Special Inquiry - IBC

I have carefully read your draft report on the International Business Communications (IBC) and make the following observations. I strongly believe that the report underemphasizes the amount of pressure, high level involvement and national security emphasis that were used to warrant said contract with IBC. The report places the majority of the fault with the Contracting Office and not with the Program Office, where I believe it should rightfully fall. This is not to say that OPR/STP/P is without fault; on the contrary, we have recognized our problem areas and have made a herculean effort to rectify our procurement weaknesses. My fault with the report may be in that area most of all. The recommendations on the whole are nothing that OPE and STP have not already been working on or are in place. Yet, no mention of that in the report.

I would now like to do a page-by-page response to your report:

(1) Page 2 - Last Paragraph

"P.O.s/contracts mismanaged": This refers to improper classification to avoid competition. This point confuses the issue. Contracting officers are obligated to rely on the judgement of program personnel with regard to the classification or sensitivity of matters within the purview of the program office.. Only if the contracting officer has reason to believe that the program offices' statements are false or misleading is the contracting officer obligated to challenge such a determination. This, of course, was not the case in the IBC matter. The contracting officer had a reasonable basis to believe that a requirement from the Secretary's support element, S/S-EX, or memos tasking the Department from the National Security Council could very well be classified, and therefore, in our opinion, acted properly to withhold release from the Commerce Business Daily. (FYI: New procedures are now in place that require all classified procurements to be brought to my attention.)

(2) Page 18 - First Paragraph

OPR/STP officials "condoned and assisted in the commission of unauthorized acts": The Procurement Division staff was grossly understaffed during most of this period. Nevertheless, when Program Offices provided adequate leadtime, documentation suitable for competition and sufficient support to identify sources, countless successful competitive procurements were completed. In this case, the Program Office exploited the situation by entering into unauthorized commitments, selecting the source, deciding upon dollar amounts and relying upon the contracting officer to correct the situation on an urgent and compelling basis to facilitate payment. By using the Office of the Secretary as a justification , the contracting officer was placed in a position of extreme duress, especially when national security issues were cited as a basis for immediate action. The early procurements, which even the S/IG report suggests were justifiable, then served as a precedent. The record suggests that as the dollar value of the procurement activity increased, and therefore became subject to more detailed contracting regulations, the contracting office increasingly attempted to force the Program Office to comply with the Federal Acquisition Regulation.

(3) Page 32 - Paragraph 1

" no attempt to seek competition or draft a synopsis on the final contract": Clearly, no attempt was made to secure competition on a contract which met the criteria for ratification, after eleven months of contract performance. To suggest that the Program Office would have considered some additional firms as technically acceptable would seem to indicate their willingness to provide data in direct conflict to all previous submissions. There is no reasonable basis to suggest that the Program Office would have ever considered any alternative to IBC.

There is also no basis to assume that the contracting officer would have drafted a proposed synopsis, when the program office was invoking national security issues involving potential life-threatening issues.

(4) Page 32 - Paragraph d.

Split Requisitions: The S/IG report properly indicates that "S/LPD officials were controlling this process by splitting their requirements", but inaccurately indicates that all of these contracts/purchase orders were "continuations of previous services", and that "OPR/STP contracting officials did not attempt to stop these S/LPD practices."

Clearly some of the documents support the S/IG findings; however, the following should be considered:

(a) The two early purchase orders to Mr. Gomez were awarded by OPR/STP covering work from February through July, 1984.

(b) The next order (listed on Pg. 11) was to IBC and was awarded by the Foreign Service Institute and was unknown to the OPR contracting officials.

(c) A purchase order was issued to IBC by OPR/STP (Purchasing) covering work done from October through December, 1984.

(d) A contract was issued to IBC by OPR/STP (Contracts) covering work performed March through September, 1985.

(e) A purchase order was issued by a previously uninvolved purchasing agent to the Institute for North/South issues in September of 1985.

(f) The final contract was awarded by OPR/STP (Contracts) to IBC for a one-year period, ending in September of 1986.

The S/IG Report suggestion that OPR/STP did not challenge S/LPD's actions may be based upon the flawed assumption that there was sufficient time and organization available for this purpose. This was not the case. S/LPD knew what it was doing, and as their requirements grew in magnitude, they were increasingly challenged for documentation and justifications. However to suggest that OPR/STP could have taken the above list and fragmented series of events and challenged them is not realistic, based upon the organizational structure and time factors involved.

(5) Page 37 - Paragraph 1

Ref: responsibility determination on the 90K contract, and the suggestion that later delays on the security clearance could have been avoided: The delay in obtaining a security clearance on the 276K contract was due solely to the absolute failure of company officials and S/LPD officials to cooperate with OPR/STP and the Defense Investigative Service. Numerous attempts were made to secure the cooperation of the parties, but they totally ignored the requests of OPR/STP. In fact, all efforts to comply with established security procedures were generated by OPR/STP.

While additional research could have been performed on the 90K contract to determine IBC's responsibility, the Contracting Officer relied heavily upon the previous successful performance of the contractor on Department of State projects. Such reliance is not uncommon, and the contracting officer may have pursued the course recommended by S/IG only if there was some reason to believe that a problem existed.

(6) Page 38 - Postaward Administration ... Last Para

..the timeframes are not unusual, as post award audits often take months to schedule and complete.: In fact, the Procurement Division had involved S/IG early on in the case of the 276K contract, by requesting a pre-award audit. This, along with the security clearance issue, was the reason that negotiations could not commence until August 1986.

In the fall of 1986, OPR/STP was havily involved in the procurment of over 1600 orders for "recurring services" That took precedence over post award matters. These services involved a wide range of services crucial to the performance of the Department of State mission. It is not uncommon under such circumstances to set priorities in favor of new awards, especially when all of our rights are preserved in the post award audit.

(7) Page 42, previously reported problems

.... In fact, the problems reported in the current review have been existent for many years. In response to the 1979 and 1983 audit reports, OPR/STP attempted to address the concerns cited therein. In fact, the A/OPR consultant studies on internal controls and the organization of the Procurement Division, conducted by Watson Rice Co. in 1985, were in response to the 1983 findings. A separate management study was also conducted by A/OPR during 1985 to analyze staffing and to propose a new organization.

As a result of this effort, a complete overhaul of the Procurment Division took place in 1986. Attempts to share the many initiatives currently underway in the Procurement Division seem to fall on deaf ears of the S/IG representives. They chose to focus on the organization and guidance in place at the time, but did not review the many corrective actions that have already been put into place. For instance, the following corrective actions are in place or are well underway:

(a) Complete realignment to provide management controls throughout the Division.

Twelve management and supervisory personnel will now monitor and direct activities in the Division. This is in contrast to the three personnel in place during the period in question. Most of the twelve personnel are in place or will be in place within the next few months. These personnel are experienced contract professionals with the training and background to provide the leadership required to prevent a reoccurence of the situation which existed during most of the IBC matter.

(b) A detailed system of written guidance and procedures is well underway to establish uniformity and compliance with the latest FAR and statutory requirements. This system includes a Project Officers' Handbook to provide written guidance in standard format to all requiring activities; Procurment Division Memoranda providing internal guidance to contracting officers; and, a new contract file system with a totally overhauled procedure for tabs and indexing.

(c) A Contract Review Board, comprised of senior Division personnel, to review all new contracts and modifications exceeding $100,000.

(d) An extensive emphasis to professional development, including the completion or scheduling of 55 courses for personnel assigned to the Procurement Division.

(e) An authorization to hire an additional 26 personnel, which has been continuously underway since June 1986. Division personnel assigned now include 47 direct hire personnel, with 17 contract personnel who will be phased out as additional direct hires are brought on board.

(f) The effective application of management techniques. The Procurment Divison is currently operating on a well thought-out planned system of goals and objectives. Through the use of effective management principles, regular meetings are conducted with all supervisory personnel to insure compliance with current requirements. Performance is measured and monitored through the use of a management information system, previously developed but not fully utilized until now.

(8) Page 50 - Ref: reasonableness of price

... The incurred cost audit is being performed at the request of the Procurement Division. It was S/IG that conducted the original audit also, at the request of the Procurement Division. OPR/STP is well aware of the safeguards and uses the audit tool extensively to insure that costs are properly managed.

Vouchers and performance were reviewed by LPD, so if there were significant deviations they should have reported them. Their consistent failure to observe even the fundamentals of the procurement process suggests that even with additional contract administration by OPR/STP, proper management of the contract would have been difficult.

(9) Page 63 - Last Paragraph

... The statement should be attributed to the originator, or at least they should indicate that no one from OPR/STP ever made such a statement. We were adamant about the security issue and never did anything but go by the book. It is my understanding that a Department official did make such a statement during Congressional staff briefings.

(10) Page 64 - Ref: responsiveness to the Hill.

... OPR/STP took the lead in trying to be responsive to the Hill. Every initiative to release information came from the Procurement Division, including phone calls from the DAS to others in the department and outside attempting to get the documents released. Whenever we developed a package for release it was always our personnel who walked the hall trying to get coordination from L, H, ARA, IWG, etc. The initial response to the February 10 meeting was delayed because of a misunderstanding that the transcript of that meeting was forthcoming, and that this would assist in the preparation of a response. At no time did any of the offices involved assume responsibility for a coordinated response.

(11) Page 70 ... It should be clear that the OPR/STP contracting officer tried to control the 90K contract by refusing to extend. Also, the contracting officer did not know that an extension would be required, until August 30. For a new award,the lead time would be about 180 days under the best circumstances. Therefore, it should be clear that the Program Office did not communicate with OPR/STP, and did not provide information necessary to conclude a successful procurement. The fact that they classified the effort further compounded the matter.

(12) Recommendations ... Corrective actions have already been identified, and in most cases, have been implemented. In fact, most actions were taken prior to the inquiry;thus, we feel that the recommendations are without merit, and only redundant. While A/OPE can codify them and provide Department-wide guidance, we have not delayed or waited for such guidance to implement corrective actions.

The IBC contract issue is really a manifestation of a far greater problem. In reality, the practices of S/LPD -- and later ARA/LPD -- reflect a Department-wide failure to manage resources wisely. The Program Office knew the rules about competitive and sole-source procurements, enough to know that they wanted a sole-source procurement in each separate instance. They provided documentation to support every case. There is no reason to believe, in retrospect, that they would have, upon advise of the contracting officer, changed their requirments to go along with competition rules. They knew that the contracting officer would be influenced by the fact that their technical judgment was persuasive, and that these were issues of a sensitive/classified nature involving the National Security Council, S/S-EX and perhaps others. None of the facts suggest that a grossly overworked Procurement Division would have ever really been able to overrule the requirements office and direct a competitive procurement without the cooperation of the requiring activity.

Exhibit E - Memorandum from A/OPE dated June 26, 1987

United States Department of State

Assistant Secretary of State
for Administration

Washington, D. C. 20520

Office of the Procurement Executive
Room 227, State Annex Number 6

June 26, 1987

MEMORANDUM

TO: OIG/AUD - Mr. Lynn W. Burgener

THROUGH: A/EX - Mr. Jack D. Jenkins KS for

FROM: A/OPE - John J. Conway

John J. Conway

SUBJECT: Draft Report - Special Inquiry into the Department's Contracts with International Business Communications

As requested in your memorandum of June 10, attached are my comments on OIG's draft report on the Department's contracts with International Business Communications (IBC) and its principal officers.

Thank you for allowing me the opportunity to comment on the report while it is still in draft. Should you have any questions with respect to my comments, please telephone me on 235-2352. Also thank Mr. John Payne for a time extension so that I could coordinate our response with A and A/OPR.

Attachment:
As stated

cc: A - Mr. Donald Bouchard (memo only)

A/OPE Comments on OIG's Draft Report - Special Inquiry into the Department of State's Contracts with International Business Communications and Its Principals

June 22, 1987

The Office of the Inspector General (OIG), at the request of the Secretary, performed a special inquiry into Department of State contracts with International Business Communications (IBC) and its principal officers. On June 10, OIG provided to A/OPE a copy of its draft report, with a request for written comments by June 24. This memorandum transmits A/OPE's comments on the report, including responses to those recommendations directed at A/OPE.

A/OPE does not take issue with the findings presented in the report, except when OIG declines to make any recommendations with respect to the need for the latter IBC contracts, after having stated that IBC was performing work that S/SPD's in-house staff should have been able to perform (page 17). A/OPE disagrees with the OIG statement that such a situation is not a matter for recommendations, particularly since that determination was identified as a specific objective of the inquiry (pages 6 and 7). A/OPE strongly objects to OIG's statement (page 17) that "[a]s long as funds are available, and the program manager can obtain those funds, contract resources can be increased." Taken at face value, this position could be used to justify massive year-end spending.

Otherwise, A/OPE considers the report to be thorough and fair. The report contains 16 recommendations, of which eight (numbers 2 through 9) are directed to A/OPE; in addition, recommendation 1 is within A/OPE's purview. Prefatory to its responses to these recommendations A/OPE offers the following comments for OIG's consideration.

Introductory Comments

One main finding of the report is that contracting officials in OPR/STP failed to enforce their legal and regulatory responsibilities. Because the report covers only one program, however, it does not address the larger issue of the ability of all Department contracting officials to enforce their authorities. If contracting officials can be faulted in general, it is perhaps for accommodating Department unwillingness, including at the upper levels of management, to follow the rules and to accept determinations made by those contracting officials. Too often when contracting officials have attempted to resist improper contracting, they have been "steamrolled" by a system that is indifferent to their legal and regulatory responsibilities. A positive result from this report would be a policy statement, signed by the Secretary, acknowledging that Department contracting officials have these legal and regulatory responsibilities and the authority to execute them (see OIG recommendation 1).

The report finds that OPR/STP/P contracting officials did not perform adequate contract administration. For preaward contract administration, A/OPE finds that the problem is not a lack of instructions, but a failure to perform. Problems with postaward administration, however, result from other circumstances. As OIG reports, this problem was reported by S/IG in 1979. S/IG supported in writing a request by OPR/STP/P for 12 positions, 6 of which would be used to build a contract administration function. This request was denied in the review process. In 1983, S/IG reported contract administration as deficient and again OPR/STP/P's request for contract administration staff was denied in the review process.

OPR/STP/P has continued to assign some postaward contract administration functions to the requirements offices. Under these circumstances, coordination is difficult between the contract administrators and the contracting officials. This does not excuse the lapses identified by OIG; it only attempts to clarify the historical aspects. A/OPE will work with Department contracting activities in both file documentation and procedures to strengthen the areas of contract administration, to include critiques of files (see OIG recommendations 5 and 6).

If Department contracting officials are regarded as "ordering clerks," it is because that is the way the Department wants it. For example, to ensure proper acquisition planning, which is covered in the report, contracting officials should participate in the budget process for each Department office that requests the acquisition of supplies or services, as it is at that point that acquisition strategies should begin (see OIG recommendation 7). This does not happen now, both by lack of consideration for procurement planning in the budget process and, heretofore, a lack of procurement personnel for that purpose.

The concept of acquisition planning is a practice that must be accepted as a Department philosophy. A/OPE has stated government-wide policy to all requirements offices and OPR/STP/P has attempted to enforce it, but the plain facts are that if a requirements office procrastinates long enough and time becomes of essence, the pressures on OPR/STP/P are insurmountable. The argument then is either project impairment, loss of one year funds, or both. OPR/STP/P contracting officials become the "bad guys" who make "impossible demands" for conformance with government regulations.

If the recommendations in the report are to have any long-lasting impact, then top management, beginning with the Secretary, must throw their full support behind them. If not, the problems will not be resolved. For example, the Department of Energy had already established and staffed an independent procurement policy office when Executive Order 12352 "Federal procurement reforms" (attachment A), was signed on March 17, 1982, so it quickly implemented these new initiatives. When the Competition in Contracting Act became effective on April 1, 1985, the procurement policy staff developed a series of policies and procedures for implementing it, including a memorandum, signed by the Secretary of Energy and distributed agency-wide, on competition in contracting (see OIG recommendation 2). This occurred at about the same time the Department was just beginning to establish a procurement policy office.

The creation of the Office of the Procurement Executive exemplifies the Department's disinterest in its responsibilities for managing a procurement system and/or its unwillingness to provide the resources necessary to ensure that proper acquisition policies and procedures are established and enforced.

A and A/OPR formally requested a budget and staff resources for A/OPE in Fiscal Years 1984, 1985, 1986, and 1987. The Department denied each request with the suggestion that A reprogram out of existing resources. Concurrent with these events, A had to respond on an emergency basis to the demands imposed by the $360 million security supplemental appropriation and the succeeding establishment of the Bureau of Diplomatic Security.

A/OPE was established as a separate office on January 28, 1985, with no personnel allocations. The Chief, OPR/STP/P, was designated Acting Procurement Executive, concurrent with OPR/STP/P duties, but with no formal personnel action. After a meeting with OMB and the Office of Federal Procurement Policy (OFPP) on June 17, 1985, concerning the Department's noncompliance with Executive Order 12352, the position of Procurement Executive was divorced from OPR/STP/P. The formal personnel action was dated October 27, 1985, for a 90 day detail not to exceed February 23, 1986. One staff position was also detailed to the Procurement Executive, though an official personnel action was not processed.

In FY 1986, A/OPR transferred 4 positions to A/OPE and A/EX provided a "float" position for secretarial support--a total of 5 positions out of the 12 requested for A/OPE (attachment B). The FY 1988 budget request contains 6 positions of which 2 are subject to transfer back to A/OPR. This record speaks for itself; apparently, only A and A/OPR recognized the Department's responsibilities for managing its procurement system and were willing to ask for, and after the usual denials, allocate their own resources toward that end (attachment C).

Until A/OPE's creation in 1985, which some Department officers resisted for several years as unnecessary, the Department had no staff office responsible solely for managing its procurement system. One result was the three-year delay in completing the Department of State Acquisition Regulation, which also was cited in the report (see OIG recommendation 8). The Procurement Executive is the Department's principal officer assigned responsibility for its procurement policies, regulations, and procedures. The Procurement Executive's delegation of authority was signed on April 18, 1986, by the Assistant Secretary for Administration and published on May 6, 1986 (attachment D). The Procurement Executive's charter assigns significant responsibilities over 12 domestic and approximately 250 overseas contracting activities. Even with a staff of 10 professionals and 2 support this would be a taxing undertaking.

Responses to Recommendations

Recommendation 1. The Department (A) should take appropriate actions to implement Department policies to ensure that program offices, including S-S/EX, ARA/EX, and ARA/LPD, are prohibited from performing the acquisition functions assigned to the contracting officers by the Federal Acquisition Regulation. Moreover, this policy should prescribe disciplinary action in those instances when a program official acts to commit the Government to contracts without the authority to make such commitments.

Response. A/OPE accepts this recommendation. The Department of State Acquisition Regulation (DOSAR, see recommendation 8), will establish the Department's basic public policies with respect to the responsibilities of programmatic and contracting officials in the acquisition process. Implementation of these policies will require new texts for the Foreign Affairs Manual, which A/OPE intends to begin this fiscal year. A/OPE believes that, in consideration of the importance of this issue and to ensure full Department compliance with its implementation, a policy statement should be prepared for the Under Secretary's (M) signature. The statement should acknowledge that Department contracting officials have these legal and regulatory responsibilities and the authority to execute them.

Regarding disciplinary action against program officials usurping contracting officer authority, A/OPE believes that such a policy should be established, but only in broad terms; like the ratification action itself, any disciplinary action must be considered on a case-by-case basis. Depending on the specificity of the policy, the review and concurrence of M, and M/PER, and possibly the employee unions, may be required.

In 1984, the Procurement Executive issued a memorandum on ratifications to all executive directors and administrative officers (attachment E). Ratification also was mentioned in a 1986 memorandum on recurring services contracts, issued from the Deputy Assistant Secretary for Operations to all executive directors and administrative officers (attachment F).

Recommendation 2. The Department (A/OPE) should issue instructions to the OPR/STP contracting Officials to reaffirm their responsibilities to adhere to the competition requirements in the Federal Acquisition Regulation. If deemed appropriate by OPE, these instructions may be provided to other contracting officials in the Department.

Recommendation 3. The Department (A/OPE) should issue instructions to the OPR/STP contracting officials to stress their responsibilities to adhere to the requirements for publicizing proposed acquisitions in the Commerce Business Daily as required by Part 5 of the Federal Acquisition Regulation. If deemed appropriate by OPE, these instructions may be provided to other contracting officials in the Department.

Recommendation 4. The Department (A/OPE) should issue instructions to the OPR/STP contracting officials to stress their responsibilities to adhere to the small purchasing procedures in Part 13 of the Federal Acquisition Regulation. Specific instructions should be given to OPR/STP officials to detect and eliminate split requirements proposed by program officials.

Recommendation 5. The Department (A/OPE) should issue instructions to the OPR/STP contracting officials to define the preaward and postaward contract administration functions they are to perform. Moreover, OPE should conduct a random review of OPR/STP contracts during early FY 1988 to determine if the instructions are being followed by the OPR/STP contracting officials.

Recommendation 6. The Department (A/OPE) should issue instructions on the use of contract audit services for both preaward and postaward contract actions. Moreover, OPE should conduct a random review of OPR/STP contracts in early FY 1988

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to determine if the instructions are being followed by the OPR/STP contracting officials.

Response. A/OPE does not accept the basic premise for recommendations 2 through 6. A/OPE is responsible for establishing Department procurement policies and procedures, not for issuing instructions to implement those policies and procedures. That is a responsibility of the operational elements, i.e., the managers and supervisors for the contracting activities. In its current configuration, OPR/STP/P supervisors are responsible for ensuring that its contracting personnel are instructed in the procedures followed by that activity. A/OPE expects that the OPR/STP/P supervisors are fully capable of instructing their staff in these procedures.

For example, in 1984, the Chief, OPR/STP/P, issued instructions to the OPR/STP/P staff on small purchase procedures and contract administration (attachments G and H). The current Chief, OPR/STP/P, issues "Procurement Division Memoranda," which again instruct OPR/STP/P personnel in operational procedures (attachment I).

Nevertheless, A/OPE will discuss these recommendations with the OPR/STP/P chief to determine the extent of assistance A/OPE can offer to that activity.

A/OPE accepts recommendations 5 and 6 that A/OPE conduct random reviews of OPR/STP/P contracts in early FY 1988 to determine whether OPR/STP/P contracting officials are following their instructions. However, A/OPE notes that, at least for OPR/STP/P contract actions, postaward contract administration currently is usually delegated to the requirements offices. A/OPE will work with Department contracting activities in both file documentation and procedures to strengthen the areas of contract administration, to include critiques of files.

Regarding the compliance review function, A/OPE presently is constrained in that it has approximately one full time equivalent position available for the review (both preaward and postaward) of contracts issued by all eleven domestic Department contracting activities. A/OPE's review function initially concentrated on OPR/STP/P, and involved all acquisitions over $100,000. To extend this review function to other Department contracting activities, A/OPE had to raise to $500,000 the level of review for OPR/STP actions.

Recommendation 7. The Department (A/OPE in coordination with M and A) should take the actions necessary to implement an effective acquisition planning program within the Department as required by Part 7 of the Federal Acquisition Regulation. . Moreover, OPE should review the results of the planning system in early FY 1988 to determine if it is achieving the desired results.

Response. A/OPE accepts the recommendation on implementing acquisition planning, though it is uncertain whether a "program" per se is necessary. Acquisition planning, as required by Part 7 of the Federal Acquisition Regulation and previously by OMB/OFPP policy letter, has not been fully implemented by the Department. To illustrate, over the last several years, officials in A have issued memoranda on acquisition planning (attachments J through L) and a number of memoranda on year-end spending (attachments M through O). This method has had only limited results in terms of meeting the requirements of FAR Part 7.

As intended by the FAR, A/OPE believes that for an effective acquisition planning process, contracting officials should participate in the budget process for each Department office that requires the acquisition of supplies or services by contract. The budget process itself comprises three major phases, i.e., formulation, mark-up, and approval; in theory, acquisition planning should be considered during each phase. Making acquisition planning effective, however, will require the full support of senior management.

From a management perspective, an acquisition planning process should include three components: development, implementation, and review. Because the roles and responsibilities of contracting officials in the Department's budget process have not been established by policy or implemented procedurally, A/OPE believes it will not be feasible to review acquisitions in early FY 1988 to determine whether acquisition planning is effective.

As an interim measure, A/OPE has drafted a policy directive that will deny a procurement action, other than for reasons of unusual and compelling urgency, to proceed without an approved acquisition plan included with the purchase request from the requirements office. This is an interim measure in that it concerns only acquisition planning for the approved budget. This may cause some requests to fail and/or the lapse of some one year money, but the larger objective will be met.

Recommendation 8. The Department (A/OPE) should complete the actions necessary to finalize the Department of State Acquisition Regulations as expeditiously as possible.

Response. A/OPE accepts the recommendation. The Department of State Acquisition Regulation (DOSAR) was published as a proposed rule in the May 28, 1987, edition in the Federal Register (52 FR 19990). The period for submission of comments closes on June 29, 1987. After reviewing those comments, A/OPE will publish the DOSAR as a final rule, at which time it will become effective. Given the process for regulatory rule making, A/OPE projects that this should occur by late July or early August of this year.

Recommendation 9. The Department (A/OPE) should review the current delegation of procurement authority issued to the Foreign Service Institute (M/FSI) and determine whether it needs to be modified to preclude the use of the Registrar's authority to issue training orders for persons outside the Department using funds that are not M/FSI funds.

Response. A/OPE accepts the recommendation. Since A/OPE has not yet reviewed the specific authority cited in the recommendation, A/OPE cannot determine at this time whether the authority needs to be modified.

Concluding Comments

A procurement system comprises personnel, management, and organization elements. Unfortunately, the report addressed only the first two. Department contracting officials soon recognize that while personnel and management inadequacies are real, the more intransigent problem is the Department's organizational mindset. Contracting officials know what happens when they try to enforce the regulations--their decisions are circumvented. This is not to denigrate the findings contained in the report, but to stress that the recommendations are not sufficient as they are directed at contracting officials without mentioning the role and responsibility of senior management to ensure that those officials have the authority commensurate with their responsibilities.

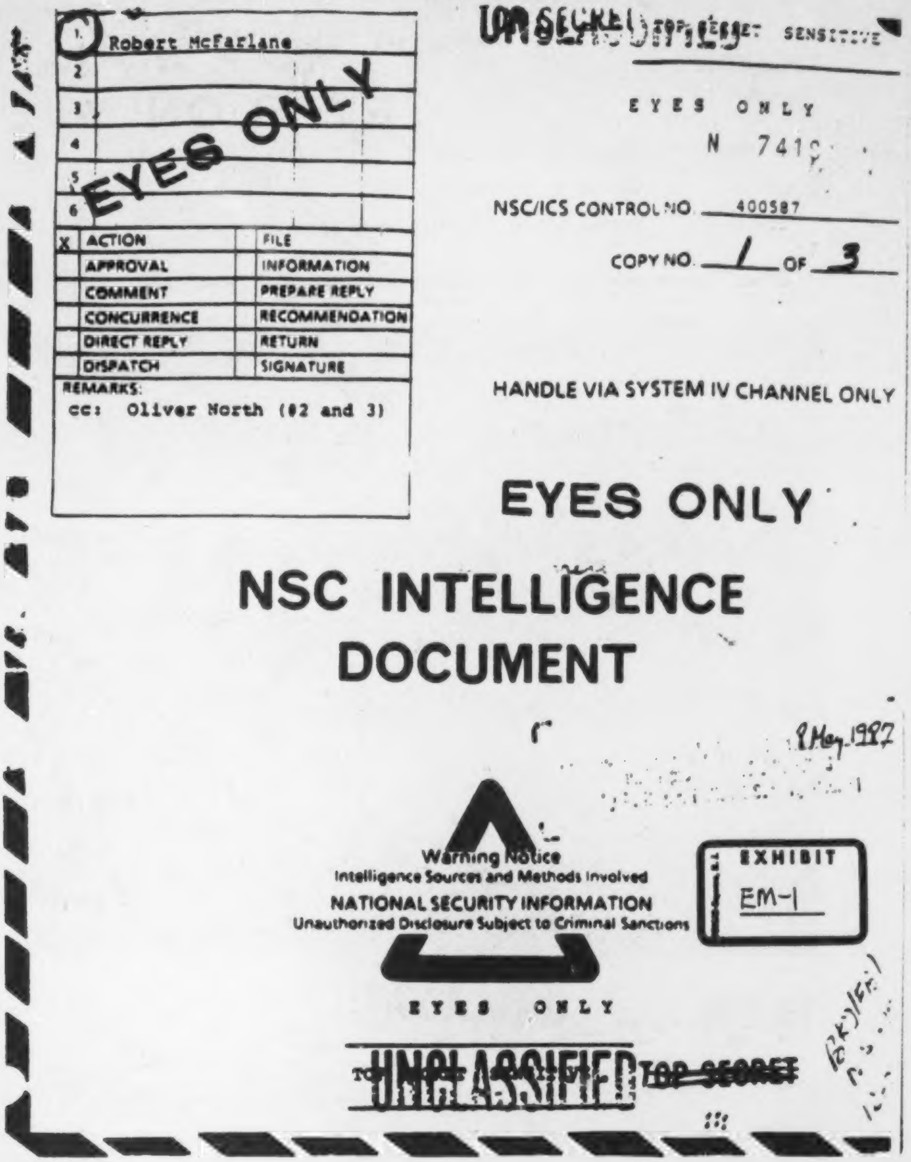
Contracting is a dynamic service function that works properly only when it is based on cooperation within the Department. Too often it has been allowed to degenerate into an adversary relationship between the programmatic and contracting officials. Contracting officials genuinely want to help the programmatic officials accomplish their missions, but the system seems to be stacked against them. If any proof is needed, just remember that the fourth quarter is rapidly approaching; let's see how the Department reacts to the enforcement of the regulations by contracting officials.

A/OPE's acceptance of the report's recommendations and its intentions to initiate actions as stated must be considered in light of its resources relative to the responsibilities assigned in Delegation of Authority No. 120-3. Despite numerous requests by A, resources have not been forthcoming, which reflects a persistent insensitivity by upper management to the magnitude of these responsibilities.

Attachments:

As stated

EXHIBIT EM-1



1.	Robert McFarlane
2	
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EYES ONLY

X	ACTION		FILE
	APPROVAL		INFORMATION
	COMMENT		PREPARE REPLY
	CONCURRENCE		RECOMMENDATION
	DIRECT REPLY		RETURN
	DISPATCH		SIGNATURE

REMARKS:

cc: Oliver North (#2 and 3)

UNCLASSIFIED ~~TOP SECRET~~ TOP SECRET SENSITIVE

EYES ONLY

N 7419

NSC/ICS CONTROL NO. 400587

COPY NO. 1 OF 3

HANDLE VIA SYSTEM IV CHANNEL ONLY

EYES ONLY

NSC INTELLIGENCE DOCUMENT

8 May 1987

Warning Notice
Intelligence Sources and Methods Involved
NATIONAL SECURITY INFORMATION
Unauthorized Disclosure Subject to Criminal Sanctions

EXHIBIT
EM-1

EYES ONLY

UNCLASSIFIED ~~TOP SECRET~~

MEMORANDUM

UNCLASSIFIED

NATIONAL SECURITY COUNCIL

NSC/ICS-400587

June 7, 1985

~~TOP SECRET~~

N 7419

ACTION

EYES ONLY

MEMORANDUM FOR ROBERT C. MCFARLANE

FROM: OLIVER L. NORTH

SUBJECT: Status of Hostage Recovery Efforts

The two independent hostage recovery activities briefed last Saturday have proceeded as follows:

[redacted]

~~TOP SECRET~~
~~Declassify: OADR~~

UNCLASSIFIED

Partially Declassified/Released on 8 May 1987
under provisions of E.O. 12356
by B. Reger, National Security Council

UNCLASSIFIED EYES ONLY

~~TOP SECRET~~

N 7420

[redacted]

DEA operation. At the request of the two DEA officers who originated the contact in Lebanon, I met with their asset in Washington. Last week, their intermediary expressed concern with proceeding with the operation based on the instability inside Lebanon. In response to their urgings (the DIA officers were made aware of the possibility that the Dawa prisoners could be executed shortly after the end of Ramadan--June 19) and the death of one of his contacts inside Lebanon, he has now agreed to proceed as follows:

-- He will depart Saturday, June [redacted], and meet a [redacted] contact in Europe as well as [redacted] who was the secondary contact inside Lebanon. He will urge [redacted] to return to Lebanon and arrange for a meeting on Cyprus among one DEA officer [redacted], himself, and [redacted]

-- Once contact has been established and a meeting arranged, the two DEA officers will depart for Cyprus via Vienna where they will deposit the $200K and establish an account for the $2M ($500K of which will be available immediately in U.S. dollars cash for use in Lebanon) [redacted] will then proceed to the meeting indicated above.

~~TOP SECRET~~

UNCLASSIFIED EYES ONLY

UNCLASSIFIED

TOP SECRET EYES ONLY

N 7421

-- The primary DEA contact [redacted] believes that the hostages can be bribed free for $1M a piece as follows:

- The $200K will be sufficient to bri [redacted] This money will be passed [redacted]

- [redacted] will turn over the hostages to [redacted] who will transport [redacted]

- Transport [redacted] will cost in excess of $250K apiece in order to bribe [redacted] believes that the $200K [redacted] will be sufficient to establish bona fides to [redacted] to agree to passage of at least 2 hostages. Once the operation is underway and the hostages are through [redacted] will be provided with $500K in cash.

- [redacted] will turn the hostages over to [redacted] where they will be placed aboard a rented yacht for transport to Cyprus.

- One of the DEA officers [redacted] will have proceeded to Cyprus to rent a safehouse [redacted] a temporary holding location in the event that all hostages are not recovered in the first attempt.

- The remaining $1.5M made available by the donor will be released from the account in Vienna as soon as the hostages are aboard the yacht and at sea [redacted] These funds will be used to pay the [redacted]

It is assumed that the price cannot be negotiated down given the number of people requiring bribes. Both the DEA and [redacted] believe that this effort will produce two hostages and that additional hostages will be released for $1M each. The safehouse will be used to harbor/treat the first two hostages while arrangements (both financial and operational) are being made for the remaining hostages. [redacted] believes that 72-96 hours would be required for a second round. This assumes that additional funding is available on a near real-time basis. The donor is aware that the price being asked is $1M each. He is unaware that we are proceeding with a plan to release only two if the price does not come down.

TOP SECRET EYES ONLY

N 7422

The DEA officers are prepared to take leave as soon as they are contacted by [redacted] Travel arrangements and operational costs are currently being financed from funds normally available to the Nicaraguan resistance. Our normal point-of-contact in the resistance for these matters is not yet aware.

Summary. As discussed with ADM Poindexter, it appears that both these plans can proceed simultaneously without undue concern for compromise or mutual jeopardy. Given that arrangements for the DEA operation will take considerable time (contacts inside Lebanon, financial transactions, and rental of yacht/safehouse), [redacted]

[redacted]

UNCLASSIFIED

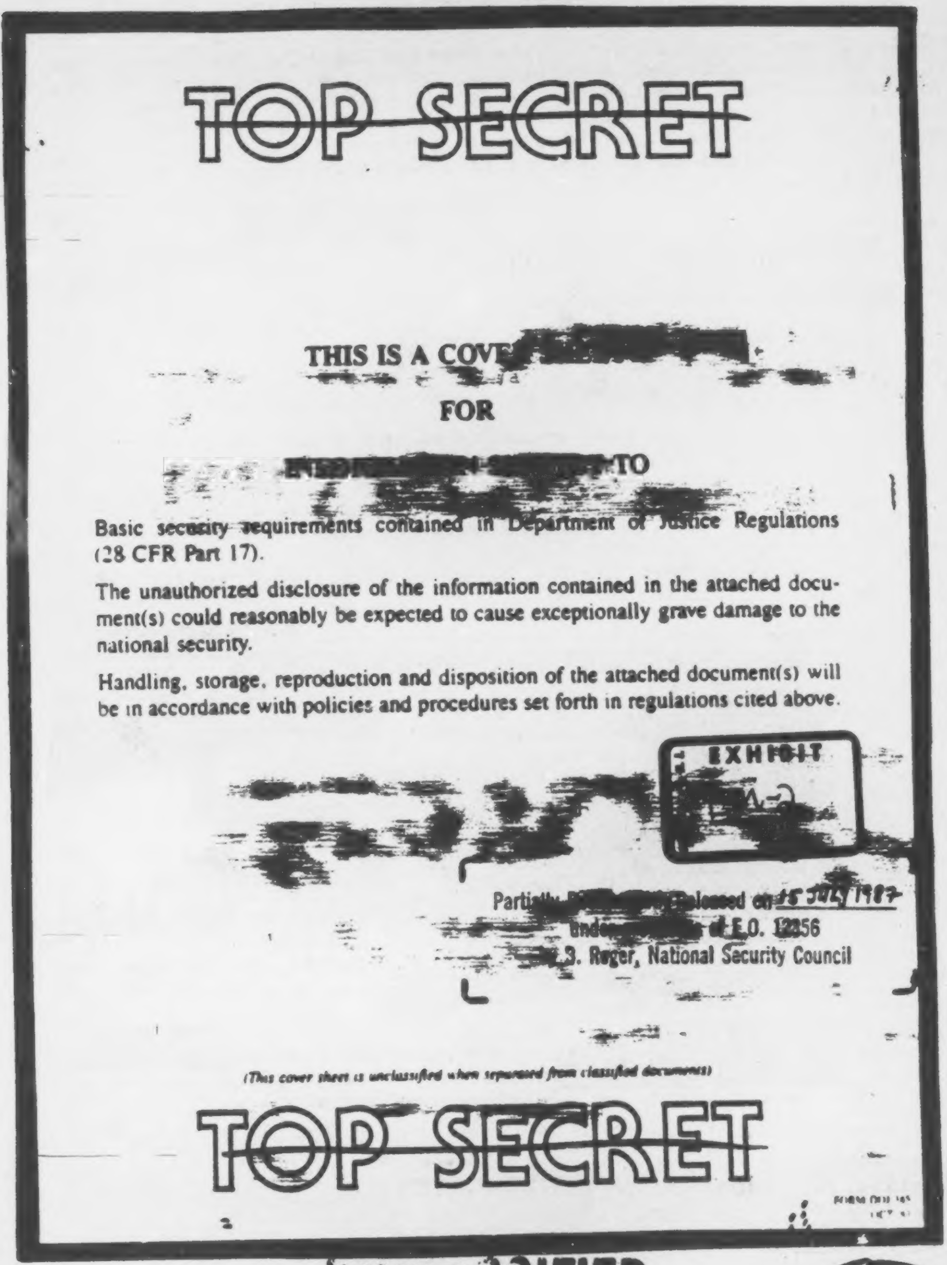
N 7423

[illegible]

[illegible]

Exhibit EM-2

UNCLASSIFIED



~~TOP SECRET~~

THIS IS A COVE[redacted]

FOR

[redacted] TO

[redacted]

Basic security requirements contained in Department of Justice Regulations (28 CFR Part 17).

The unauthorized disclosure of the information contained in the attached document(s) could reasonably be expected to cause exceptionally grave damage to the national security.

Handling, storage, reproduction and disposition of the attached document(s) will be in accordance with policies and procedures set forth in regulations cited above.

EXHIBIT [redacted]

[redacted]

Partially [redacted] Released on 15 JULY 1987
Under [redacted] of E.O. 12356
[redacted] B. Reger, National Security Council

(This cover sheet is unclassified when separated from classified documents)

~~TOP SECRET~~

UNCLASSIFIED

3038

~~TOP SECRET~~ ~~TOP SECRET~~ UNCLASSIFIED

DEA Support for Recovery of American Hostages Seized in Beirut

Several week ago, as part of the Hostage Locating Task Force, DEA officers reestablished a contact in Lebanon with an asset who has connections with the Lebanese criminal entities. Last week, their intermediary, in response to awareness that the Dawa prisoners could be executed shortly after the end of Ramadan (June 19), agreed to proceed as follows in an effort to recover the hostages:

-- The DEA asset, "A," [redacted] to meet a [redacted] well as [redacted] who is a secondary contact inside Lebanon. "A" will urge [redacted] to return to Lebanon and arrange for a meeting on Cyprus among one or more of the DEA officers, himself, and a [redacted] has been in touch with [redacted]

-- Once contact has been established and a meeting arranged, the two DEA officers will depart for Cyprus via a European city where they will deposit the $200K and establish an account for the $2M ($500K of which will be available immediately in U.S. dollars cash for use in Lebanon).

-- "A" believes that the hostages can be bribed free for $1M each as follows:

  - The $200K will be sufficient to bribe [redacted] This money will be passed [redacted] by [redacted] through [redacted]

  - [redacted] will turn over the hostages to [redacted] who will transport them [redacted] to [redacted]

  - Transport [redacted] could cost in excess of $250K apiece in order to bribe [redacted] "A" believes that the $200K in cash will be sufficient to establish bona fides to [redacted] and for [redacted] to agree to passage of at least 2 hostages. Once the operation is underway and the hostages are through [redacted] will be provided with up to $500K in cash.

  - [redacted] will turn the hostages over to [redacted] where they will be placed aboard a rented yacht for transport to Cyprus.

~~TOP SECRET~~
Declassify: OADR

~~TOP SECRET~~ UNCLASSIFIED

- One of the DEA officers will proceed to Cyprus to rent a safehouse as a temporary holding location in the event that all hostages are not recovered in the first attempt.

- The remaining $1.5M made available by the donor will be released from the account in the European city as soon as the hostages are aboard the yacht and at sea [redacted] These funds will be used to pay [redacted] and [redacted] contacts

It is assumed that the price cannot be negotiated down given the number of people requiring bribes. Both the DEA and "A" believe that this effort will produce at least two hostages and that it may be necessary to bribe the additional hostages free for $1M each. The safehouse will be used to harbor/treat the first two hostages while arrangements (both financial and operational) are being made for the remaining hostages. "A" believes that at least 72-96 hours would be required for a second round.

The DEA officers are prepared to depart as soon as they are contacted by "A." Travel arrangements and operational costs are currently being financed from funds from private sources.

The two DEA officers should be made available for this operation for a period not to exceed 30 days, preferably directly to this organization. It is important that no other parties become aware of this operation in order to protect "A" as well as the donors.

EXHIBIT EM-3

EXHIBIT
EM-3

2

NAME	DATE	TIME	PHONE	ALT PHONE	SUBJECT
Fines, Jerry	10/28/85	3:30	FTS 955-4450		Fines is U.S. Atty. from Illinois. He said he was called by Cong. Robert Michel who told him that one term was enough. The Cong. said he understood that DOJ thought otherwise, but he still thinks one term is enough.
Boschwitz, Sen.	10/29/85	10:00	224-9294		
Javitz, Sen.	10/29/85	11:30	463-7887		After 5:00 call him at the Watergate at 965-2300, Suite 1116.
Carmen, Lavonne	10/30/85	11:15	895-5194		Please call re: some concerns she's having in San Diego, Cal. (Not sure if this call is legitimate.)
Humphrey, Sen.	10/31/85	10:50	224-2841		
Brady, Former Sen. Nicholas		10/31/85		7:05	212/906-7777 He didn't care to leave the subject.
Lantos, Cong. Tom	11/01/85	9:39	225-3531		
Humphrey, Sen.	11/01/85	11:00	224-2841		
Perow, Ross	11/01/85	4:30	214/661-6000		He returned your call.
Edwards, Sherrill	11/01/85	4:45	214/233-1041		He is from Fisher Institute in Dallas and said he has an idea you might be able to use.

Tuesday 5 November 1985 Telephone Calls The Attorney General

as of 7:10 p.m.
5 November 1985

TIME	NAME/ORGANIZATION	PHONE #	MESSAGE
10:20	Cong. Del Latta	225-6405	He said he has called for 3 weeks and has not received a call.
	Prof. Donald Wilhelm Cambridge, England	011-44-223-248810	He called yesterday. He wrote a letter on 16 Oct. and two follow-up letters on 19 and 29 October.
10:50	Ross Perow	214/661-6180	He will be in Wash. tomorrow at 10:45 meeting with the President and lunch following. He said he'll probably see you there.
11:37	Cong. Trent Lott	225-5772	
1:40	Don Regan	456-6797	
2:32	Cong. Newt Gingrich	225-4501	RE: Mr. Sikora for Parole Commission
2:40	Charles Bakaly	213/669-6030	
4:10	Dr. Allan Levy	839-9222	

Telephone Calls - Wednesday 26 Nov 86

7am	Rec'd call from Bill Casey	COMPL @ 8$^{=}$
7am	Rec'd call from WPC	COMPL @ 2^{2}
8^{50}	Rec'd call from Craig ~~Fuller~~	COMPL
8^{55}	Rec'd call from Al Keel (sec)	AG left w/ @ 9^{00} am
8^{55}	Plc'd call to Don Regan	COMPL
10^{07}	Rec'd call from Senator Nunn	COMPL
10^{15}	Plc'd call to Dick Allen	COMPL
10^{20}	Rec'd call from Craig Fuller	COMPL, [illegible]
~~[illegible]~~ 11^{34}	Ret'd call to Ross Perot	COMPL
11^{36}	Ret'd call to Clif White	COMPL
11^{45}	Rec'd call from Jack Lawn	COMPL
11^{47}	Ret'd call to Frank Fahrenkopf	COMPL
11^{49}	Ret'd call to Jerry Carmen	COMPL
11^{55}	Ret'd call to Len Garment	COMPL
11^{05}	Judge Webster returned AG call	COMPL
11^{15}	Plc'd call to Bill Weld	COMPL
11^{5}	Rec'd call from Senator Durenberger	COMPL
12^{25}	Rec'd call from Bill Casey	COMPL

3 Dec 86

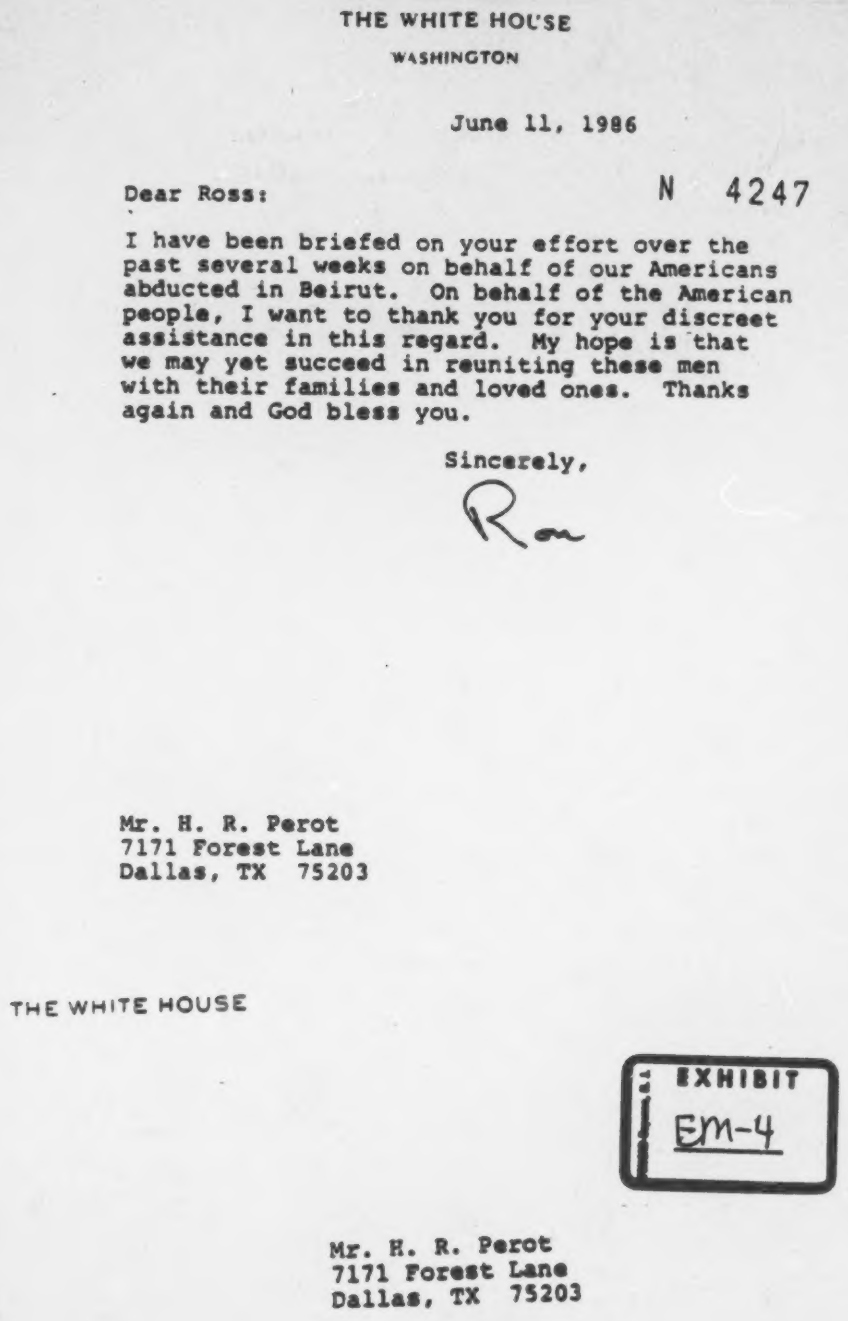
8^{10} am

8^{25} - 8^{35}

8^{10} group + Webster
re: Iranian matter

✓ ck Perot answer —
— No "know" or "authorized"

EXHIBIT EM-4



THE WHITE HOUSE
WASHINGTON

June 11, 1986

N 4247

Dear Ross:

I have been briefed on your effort over the past several weeks on behalf of our Americans abducted in Beirut. On behalf of the American people, I want to thank you for your discreet assistance in this regard. My hope is that we may yet succeed in reuniting these men with their families and loved ones. Thanks again and God bless you.

Sincerely,

Ron

Mr. H. R. Perot
7171 Forest Lane
Dallas, TX 75203

THE WHITE HOUSE

EXHIBIT
EM-4

Mr. H. R. Perot
7171 Forest Lane
Dallas, TX 75203

EXHIBIT EM-5

MEESE TESTIMONY BEFORE HOUSE JUDICIARY
COMMITTEE MARCH 5, 1987

because the money is just in the process of being used by the states. What we are doing, however, is trying to supplement the funds that the states are putting into drug enforcement, which is a considerably lower percentage of their law enforcement resources than we put into federal law enforcement.

What we are trying to do is to provide some additional funding through sharing the forfeited assets of drug traffickers with the local law enforcement authorities. We think that this is a better way to approach.

Mr. HUGHES. Well, I hope that once you evaluate that that you can keep an open mind on it.

Mr. Attorney General, I am sure that like many of us you have looked at the Tower Commission Report. I am sure that your attention was drawn, as mine was, to a reference to you in a communication between Oliver North and Robert McFarlane. The subject was organizing a private ransom effort funded by H. Roth Perrot to free the hostages.

Let me read to you from Page B-13 of the Commission report. It is referring to a memo from North to McFarlane dated June 7, 1985, and I quote: ''The second plan involved the private ransoming of two hostages, including Buckley, for $2 million. This operation would take considerable time, contacts inside Lebanon, financial transactions, and rental of yachts, safe houses and so forth. Thus, it was

EXHIBIT
EM-5

possible to undertake it at the same time as the private efforts were under way.''

''To implement this proposal, North asked McFarlane to contact the Attorney General to secure the services of two officers of the Drug Enforcement Agency who would work with the NSC staff on this particular matter. McFarlane approved and wrote North to follow up on June the 10th.''

Did Mr. McFarlane or anyone else contact you or anyone else in the Department of Justice about securing the services of the Drug Enforcement Administration or its agents in ransoming hostages?

We provide congressional oversight of the DEA. Was there any contact with you made in that regard?

Attorney General MEESE. Contact was made, Mr. Hughes, with me. I have a recollection, a fairly vague recollection, that contact was made with me for assistance of some DEA agents who might have information that would be helpful.

At no time did anyone talk to me about ransom. It merely had to do with providing assistance of DEA agents who might be helpful in regaining custody of our hostages.

Mr. HUGHES. Well, I understand--

Attorney General MEESE. And I did authorize the DEA to cooperate with the National Security Council staff in anything that would be helpful to get back the hostages, but ransoming or the plan was never discussed with me.

Mr. HUGHES. So your understanding would be that any contact would be in reference to securing information as opposed to operations, using DEA agents for operations?

Attorney General MEESE. Yes. It was not my understanding they were to be used for operations.

Mr. HUGHES. DEA agents are not used for intelligence gathering, I presume?

Attorney General MEESE. Oh, yes, all the time.

Mr. HUGHES. In non-narcotics matters.

Attorney General MEESE. No.

Mr. HUGHES. That concerns me because I know you know very well that one of the reasons we enjoy such a tremendous amount of cooperation in host countries is because DEA is a mission agency that deals with drug enforcement. If other countries believed that they were engaged in espionage, counterespionage, counterintelligence, we would not enjoy that kind of cooperation.

Attorney General MEESE. Yes. These types of activities were not contemplated, to the best of my knowledge.

Mr. HUGHES. Okay. Thank you, Mr. Chairman

The CHAIRMAN. Mr. McCollum.

Mr. MCCOLLUM. Thank you very much, Mr. Chairman.

Mr. Attorney General, we welcome you this morning.

Attorney General MEESE. Thank you.

EXHIBIT EM-6

The Director of Central Intelligence
Washington, D.C. 20505

86-4068M-

UNCLASSIFIED

26 November 1985

I 0400

MEMORANDUM FOR: Vice Admiral John M. Poindexter, USN
Deputy Assistant to the President
for National Security Affairs

SUBJECT: Presidential Finding on Middle East

Pursuant to our conversation this should go to the President for his signature and should not be passed around in any hands below our level.

WJ Casey
William J. Casey

Attachment:
As stated

CL BY 0008074
RVW OADR

[redacted]

529

Partially Declassified/Released on 7 May 1987
under provisions of E.O. 12356
by [illegible], National Security Council

EXHIBIT
EM-6

UNCLASSIFIED

Finding Pursuant to Section 662 of the Foreign Assistance Act of 1961, As Amended, Concerning Operations Undertaken by the Central Intelligence Agency in Foreign Countries, Other Than Those Intended Solely for the Purpose of Intelligence Collection

C40

I have been briefed on the efforts being made by private parties to obtain the release of Americans held hostage in the Middle East, and hereby find that the following operations in foreign countries (including all support necessary to such operations) are important to the national security of the United States. Because of the extreme sensitivity of these operations, in the exercise of the President's constitutional authorities, I direct the Director of Central Intelligence not to brief the Congress of the United States, as provided for in Section 501 of the National Security Act of 1947, as amended, until such time as I may direct otherwise.

SCOPE	DESCRIPTION
Hostage Rescue - Middle East	The provision of assistance by the Central Intelligence Agency to private parties in their attempt to obtain the release of Americans held hostage in the Middle East. Such assistance is to include the provision of transportation, communications, and other necessary support. As part of these efforts certain foreign materiel and munitions may be provided to the Government of Iran which is taking steps to facilitate the release of the American hostages. All prior actions taken by U.S. Government officials in furtherance of this effort are hereby ratified.

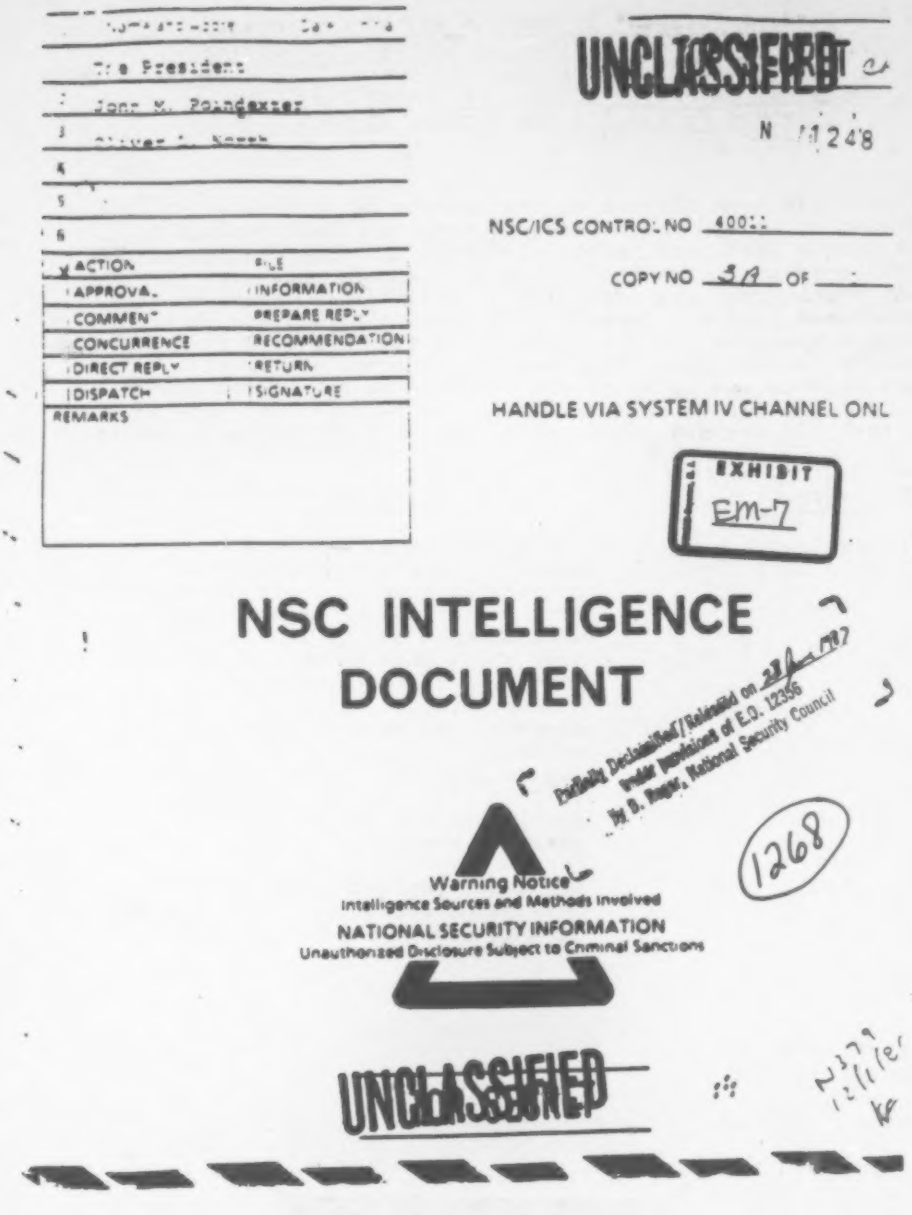
7 May 1987

The White House
Washington, D.C.

Date:

[redacted]

Exhibit EM-7



[illegible]	[illegible]
	The President
2	John M. Poindexter
3	Oliver L. North
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x ACTION	FILE
APPROVAL	INFORMATION
COMMENT	PREPARE REPLY
CONCURRENCE	RECOMMENDATION
DIRECT REPLY	RETURN
DISPATCH	SIGNATURE

REMARKS

~~SECRET~~ UNCLASSIFIED

N 11248

NSC/ICS CONTROL NO 400[illegible]

COPY NO 3A OF [illegible]

HANDLE VIA SYSTEM IV CHANNEL ONL

EXHIBIT
EM-7

NSC INTELLIGENCE
DOCUMENT

Partially Declassified/Released on 23 [illegible] 1987
under provisions of E.O. 12356
by B. Reger, National Security Council

1268

Warning Notice
Intelligence Sources and Methods Involved
NATIONAL SECURITY INFORMATION
Unauthorized Disclosure Subject to Criminal Sanctions

~~SECRET~~ UNCLASSIFIED

N379
12/1/8[illegible]
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UNCLASSIFIED

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SYSTEM II
NSC/ICS-400[illegible]

January 4, 1986 N 1249

~~TOP SECRET~~ [redacted]

ACTION

MEMORANDUM FOR JOHN M. POINDEXTER

FROM: OLIVER L. NORTH

SUBJECT: Covert Action Finding on Iran

Attached at Tab I is a memorandum from you to the President forwarding a Covert Action Finding (Tab A). This Finding is based on our discussions with Nir and my subsequent meeting with CIA General Counsel Stanley Sporkin.

At Sporkin's request, I talked to Bill Casey on secure re the Finding and the overall approach. He indicated that he thought the Finding was good and that this is probably the only approach that will work. He shares our goal of achieving a more moderate government in Iran through this process.

RECOMMENDATION:

That you sign the memorandum to the President at Tab I.

Approve _____ Disapprove _____

Attachments
Tab I - Poindexter Memo to the President
Tab A - Covert Action Finding

Partially Declassified/Released on 27 June 1987
Under provisions of E.O. 12356
by B. Reger, National Security Council

1268a

~~TOP SECRET~~
~~Declassify on:~~ OADR UNCLASSIFIED [redacted]

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A1

UNCLASSIFIED

~~SECRET~~

THE WHITE HOUSE

WASHINGTON

SYSTEM II
NSC/ICS-400[illegible]

N 1251

~~TOP SECRET~~ [redacted]

ACTION

MEMORANDUM FOR THE PRESIDENT

FROM: JOHN M. POINDEXTER

SUBJECT: Covert Action Finding Regarding Iran

This week, Prime Minister Peres of Israel secretly dispatched his special advisor on terrorism with instructions to propose a plan by which the U.S. and Israel can act in concert to bring about a more moderate government in Iran. The Israelis are obviously very concerned that the course of the Iran-Iraq war and the potential for further radicalization in Iran pose a significant threat to the security of Israel.

The Israeli plan is premised on the assumption that moderate elements in Iran can come to power if these factions demonstrate their credibility in defending Iran against Iraq and in deterring Soviet intervention. To achieve the strategic goal of a more moderate Iranian government, the Israelis are prepared to unilaterally commence selling military materiel to Western-oriented Iranian factions. It is their belief that by so doing they can achieve a heretofore unobtainable penetration of the Iranian governing heirarchy. The Israelis are convinced that the Iranians are so desperate for military materiel, expertise and intelligence that the provision of these resources will result in favorable long-term changes in personnel and attitudes within the Iranian government. Further, once the exchange relationship has commenced, a dependency would be established on those who are providing the requisite resources, thus allowing the providor(s) to coercively influence near-term events.

As described by the Prime Minister's emissary, the only requirement the Israelis have is an assurance that they will be allowed to purchase U.S. replenishments for the stocks that they sell to Iran. Since the Israeli sales are technically a violation of our Arms Export Control Act embargo for Iran, a Presidential Covert Action Finding is required in order for us to allow the Israeli sales to proceed and for our subsequent replenishment sales.

~~TOP SECRET~~
Declassify on: OADR

[redacted]

UNCLASSIFIED

~~SECRET~~

UNCLASSIFIED

N 1252

~~TOP SECRET~~

[redacted]

The Covert Action Finding attached at Tab A provides the lattitude for the transactions indicated above to proceed. If this Finding is signed, we would not interfere when the Israelis unilaterally commence sales and deliveries of TOW missiles during January, 1986. We would also be able to legally sell basic TOWs to Israel when they submit purchase orders for replenishing their own stocks. The Iranians have indicated an immediate requirement for 4,000 basic TOW weapons for use in the launchers they already hold. We would be expected to replace the Israeli stocks in less than 30 days. 4,000 missiles represent 1/3 of all available TOWs in Israel.

The Israelis and the Iranians with whom they are in contact agree that the continued holding of the five American hostages in Beirut will be immediately solved through commencement of this action. Prime Minister Peres had his emissary pointedly note that they well understand our position on making concessions to terrorists. They also point out, however, that terrorist groups, movements, and organizations are significantly easier to influence through governments than they are by direct approach. In that we have been unable exercise any suasion over Hizballah during the course of nearly two years of kidnappings, this approach through the government of Iran may well be our only way to achieve the release of the Americans held in Beirut. It must again be noted that since this dialogue with the Iranians began in September, Reverend Weir has been released and there have been no Shia terrorist attacks against American or Israeli persons, property, or interests.

The Israelis have asked for our urgent response to this proposal so that they can plan accordingly. They note that the current crisis in the Middle East provides a rationale for a significant purchase of TOWs and expedited delivery on our part. In order to provide an answer to Prime Minister Peres, the Finding at Tab A should be discussed privately with Secretaries Shultz, Weinberger, Director Casey and Attorney General Meese. If, based on their input, you decide to proceed, the Finding should be signed and held.

Recommendation:

OK	No	
____	____	That you agree to meet with Secretaries Shultz and Weinberger, Director Casey and Attorney General Meese on this matter as soon as possible.

Attachment
Tab A - Covert [illegible]

Prepared by:
Oliv[illegible]orth

UNCLASSIFIED
TOP SECRET

[illegible]

UNCLASSIFIED

N 1254

Finding Pursuant to Section 662 of The Foreign Assistance Act of 1961, As Amended, Concerning Operations Undertaken by the Central Intelligence Agency in Foreign Countries, Other Than Those Intended Solely for the Purpose of Intelligence Collection

I hereby find that the following operation in a foreign country (including all support necessary to such operation) is important to the national security of the United States, and due to its extreme sensitivity and security risks, I determine it is essential to limit prior notice, and direct the Director of Central Intelligence to refrain from reporting this Finding to the Congress as provided in Section 501 of the National Security Act of 1947, as amended, until I otherwise direct.

SCOPE	DESCRIPTION
Iran	Work with Iranian elements, groups and individuals, selected foreign liaison services and third countries, all of which are sympathetic to U.S. Government interests and which do not conduct or support terrorist actions directed against U.S. persons, property or interests, for the purpose of: (1) establishing a more moderate government in Iran, and (2) obtaining from them significant intelligence not otherwise obtainable, to determine the current Iranian Government's intentions with respect to its neighbors and with respect to terrorist acts. Provide funds, intelligence, counterintelligence, training, guidance and communications assistance to these elements, groups, individuals, liaison services and third countries in support of these activities.
	The USG will act to facilitate efforts by third parties and third countries to establish contact with moderate elements within and outside the Government of Iran by providing these elements with arms, equipment and related materiel in order to enhance the credibility of these elements in their effort to achieve a more pro-U.S. government in Iran by demonstrating their ability to obtain requisite resources to defend their country against Iraq and intervention by the Soviet Union. This support will be discontinued if the U.S. Government learns that these elements have abandoned their goals of moderating their government and appropriated the materiel for purposes other than that provided by this Finding.

Partially Declassified/Released on 23 [illegible] 1987
under provisions of E.O. 12356
by [illegible] Reger, National Security Council

The White House

[redacted]

EXHIBIT EM-8

6 Week Beginning January

January						1986
S	M	T	W	T	F	S
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30	31	

MONDAY, JANUARY 6 6	TUESDAY, JANUARY 7 7	WEDNESDAY, JANUARY 8 7, 8
7	7	7
7:15	7:15	7:15
7:30 [illegible] WHSR	7:30 CDSM WHSR	7:30
7:45	7:45	7:45
8	8	8
8:15	8:15	8:15
8:30 breakfast Jay Adams	8:30 Arturo Cruz Jr	8:30
8:45 w/[illegible] Stine	8:45	8:45
9	9 Ken [illegible] x 7310 ([illegible])	9
9:15	9:15 3rd Earl - Craig Coy	9:15
9:30	9:30	9:30
9:45	9:45	9:45
10	10 Walt Raymond Mtg	10
10:15	10:15	10:15
10:30	10:30	10:30
10:45	10:45	10:45
11 [illegible]	11 NSPG WHSR	11
11:15	11:15 VP TF on CT Report	11:15 Noel Koch
11:30	11:30 + NSDD	11:30 [illegible]
11:45	11:45	11:45 [illegible]
12	12	12 [illegible]
12:15	12:15	12:15 [illegible]
12:30	12:30 [illegible]	12:30 [illegible] witnessing
12:45	12:45 [illegible]	12:45 Service [illegible]
1	1 [illegible]	1 Capitol Hill Club
1:15	1:15	1:15
1:30 CPPG - WHSR	1:30	1:30
1:45 [illegible]	1:45	1:45
2	2 CCPP	2 Mike Ledeen
2:15	2:15	2:15
2:30 [illegible] Nat'l	2:30	2:30
2:45	2:45	2:45
3	3 [illegible]	3 [illegible] 452
3:15	3:15 -298-4239	3:15 232-2826
3:30	3:30	3:30
3:45 Meese/Jensen	3:45	3:45
4	4 [illegible]	4 [illegible]
4:15	4:15	4:15
4:30 RIG Rm 6263	4:30	4:30
4:45	4:45	4:45
5	5	5 [illegible] RE AB Party
5:15	5:15	5:15 Rm [illegible] RSVP 2352
5:30	5:30 TIWG - OSG	5:30
5:45	5:45	5:45 Shuttle to NY
6	6	6
6:15	6:15	6:15
6:30	6:30	6:30
6:45	6:45	6:45
7	7 Good [illegible] Robert	7
7:15	7:15 Adam	7:15
7:30	7:30 Ronald [illegible]	7:30
7:45	7:45	7:45

2030 CCPP

2000 [illegible]
52-8

EXHIBIT
EM-8

DEPUTY A.G. JENSEN
CALENDAR

SERVICES PERFORMED TODAY

MONDAY **6**
2nd Week • 6th Day • JANUARY, 1986

HOURS	FOR	IN RE	DESCRIPTION OF SERVICES	TIME
8 08:00				
9 09:00				
10 10:00				
11 11:00				
12 12:00				
1 13:00				
2 14:00				
3 15:00	AG w O. NORTH	(OEG)		
4 16:00				
5 17:00				

as of 6:40 p.m. 7 Jan 86

MR. MEESE—[illegible]RY 86

WEEK OF [illegible]

6 MONDAY

12:00
12:30
1:00

10:45 Dep for WH
11:00 NSC Meeting
11:30

7 TUESDAY

12:00
12:30
1:00

10:45 Dep for WH
11:00 NSPG Meeting
11:30

8 WEDNESDAY

9 THURSDAY

11:30
12:00
12:30
1:00
1:30
2:00
2:30
3:00
3:30
4:00
4:30

12:00 (RR Fdn Bd Trustees
12:30 Meeting 12:00-2:30
1:00 in Fdn office, DC)
1:30
2:00 (Cabinet Meeting)
2:30
3:00
3:30
4:00
4:30

10 FRIDAY

11 SATURDAY

RR

EM

12 SUNDAY

EXHIBIT EM-9

TOP SECRET

#49

N 10046

THE WHITE HOUSE
WASHINGTON

January 17, 1986

EXHIBIT
EM-9

~~TOP SECRET~~

ACTION

MEMORANDUM FOR THE PRESIDENT

FROM: JOHN M. POINDEXTER JMP

SUBJECT: Covert Action Finding Regarding Iran

Prime Minister Peres of Israel secretly dispatched his special advisor on terrorism with instructions to propose a plan by which Israel, with limited assistance from the U.S., can create conditions to help bring about a more moderate government in Iran. The Israelis are very concerned that Iran's deteriorating position in the war with Iraq, the potential for further radicalization in Iran, and the possibility of enhanced Soviet influence in the Gulf all pose significant threats to the security of Israel. They believe it is essential that they act to at least preserve a balance of power in the region.

The Israeli plan is premised on the assumption that moderate elements in Iran can come to power if these factions demonstrate their credibility in defending Iran against Iraq and in deterring Soviet intervention. To achieve the strategic goal of a more moderate Iranian government, the Israelis are prepared to unilaterally commence selling military materiel to Western-oriented Iranian factions. It is their belief that by so doing they can achieve a heretofore unobtainable penetration of the Iranian governing hierarchy. The Israelis are convinced that the Iranians are so desperate for military materiel, expertise and intelligence that the provision of these resources will result in favorable long-term changes in personnel and attitudes within the Iranian government. Further, once the exchange relationship has commenced, a dependency would be established on those who are providing the requisite resources, thus allowing the provider(s) to coercively influence near-term events. Such an outcome is consistent with our policy objectives and would present significant advantages for U.S. national interests. As described by the Prime Minister's emissary, the only requirement the Israelis have is an assurance that they will be allowed to purchase U.S. replenishments for the stocks that they sell to Iran. We have researched the legal problems of Israel's selling U.S. manufactured arms to Iran. Because of the requirement in U.S. law for recipients of U.S. arms to notify the U.S. government of transfers to third countries, I do not recommend that you agree with the specific details of the Israeli plan. However, there is another possibility. Some time ago Attorney

RECEIVED

173

~~TOP SECRET~~
Declassify on: OADR

NOV 29 1986

(full text released) 4 May 87

TOP SECRET

N 10047

General William French Smith determined that under an appropriate finding you could authorize the CIA to sell arms to countries outside of the provisions of the laws and reporting requirements for foreign military sales. The objectives of the Israeli plan could be met if the CIA, using an authorized agent as necessary, purchased arms from the Department of Defense under the Economy Act and then transferred them to Iran directly after receiving appropriate payment from Iran.

The Covert Action Finding attached at Tab A provides the latitude for the transactions indicated above to proceed. The Iranians have indicated an immediate requirement for 4,000 basic TOW weapons for use in the launchers they already hold.

The Israeli's are also sensitive to a strong U.S. desire to free our Beirut hostages and have insisted that the Iranians demonstrate both influence and good intent by an early release of the five Americans. Both sides have agreed that the hostages will be immediately released upon commencement of this action. Prime Minister Peres had his emissary pointedly note that they well understand our position on not making concessions to terrorists. They also point out, however, that terrorist groups, movements, and organizations are significantly easier to influence through governments than they are by direct approach. In that we have been unable to exercise any suasion over Hizballah during the course of nearly two years of kidnappings, this approach through the government of Iran may well be our only way to achieve the release of the Americans held in Beirut. It must again be noted that since this dialogue with the Iranians began in September, Reverend Weir has been released and there have been no Shia terrorist attacks against American or Israeli persons, property, or interests.

Therefore it is proposed that Israel make the necessary arrangements for the sale of 4000 TOW weapons to Iran. Sufficient funds to cover the sale would be transferred to an agent of the CIA. The CIA would then purchase the weapons from the Department of Defense and deliver the weapons to Iran through the agent. If all of the hostages are not released after the first shipment of 1000 weapons, further transfers would cease.

On the other hand, since hostage release is in some respects a byproduct of a larger effort to develop ties to potentially moderate forces in Iran, you may wish to redirect such transfers to other groups within the government at a later time.

~~TOP SECRET~~ [illegible]

The Israelis have asked for our urgent response to this proposal so that they can plan accordingly. They note that conditions inside both Iran and Lebanon are highly volatile. The Israelis are cognizant that this entire operation will be terminated if the Iranians abandon their goal of moderating their government or allow further acts of terrorism. You have discussed the general outlines of the Israeli plan with Secretaries Shultz and Weinberger, Attorney General Meese and Director Casey. The Secretaries do not recommend you proceed with this plan. Attorney General Meese and Director Casey believe the short-term and long-term objectives of the plan warrant the policy risks involved and recommend you approve the attached Finding. Because of the extreme sensitivity of this project, it is recommended that you exercise your statutory prerogative to withhold notification of the Finding to the Congressional oversight committees until such time that you deem it to be appropriate.

Recommendation

OK NO

RR per JP __ That you sign the attached Finding.

Prepared by:
Oliver L. North

Attachment
Tab A - Covert Action Finding

1000 17 Jan.

President was briefed verbally from this paper. VP, Don Regan and Don Fortier were present.

JP

[redacted]

Finding Pursuant to Section 662 of The Foreign Assistance Act of 1961 As Amended, Concerning Operations Undertaken by the Central Intelligence Agency in Foreign Countries, Other Than Those Intended Solely for the Purpose of Intelligence Collection

I hereby find that the following operation in a foreign country (including all support necessary to such operation) is important to the national security of the United States, and due to its extreme sensitivity and security risks, I determine it is essential to limit prior notice, and direct the Director of Central Intelligence to refrain from reporting this Finding to the Congress as provided in Section 501 of the National Security Act of 1947, as amended, until I otherwise direct.

SCOPE	DESCRIPTION
Iran	Assist selected friendly foreign liaison services, third countries and third parties which have established relationships with Iranian elements, groups, and individuals sympathetic to U.S. Government interests and which do not conduct or support terrorist actions directed against U.S. persons, property or interests, for the purpose of: (1) establishing a more moderate government in Iran, (2) obtaining from them significant intelligence not otherwise obtainable, to determine the current Iranian Government's intentions with respect to its neighbors and with respect to terrorist acts, and (3) furthering the release of the American hostages held in Beirut and preventing additional terrorist acts by these groups. Provide funds, intelligence, counter-intelligence, training, guidance and communications and other necessary assistance to these elements, groups, individuals, liaison services and third countries in support of these activities.
	The USG will act to facilitate efforts by third parties and third countries to establish contact with moderate elements within and outside the Government of Iran by providing these elements with arms, equipment and related materiel in order to enhance the credibility of these elements in their effort to achieve a more pro-U.S. government in Iran by demonstrating their ability to obtain requisite resources to defend their country against Iraq and intervention by the Soviet Union. This support will be discontinued if the U.S. Government learns that these elements have abandoned their goals of moderating their government and appropriated the materiel for purposes other than that provided by this Finding.

Ronald Reagan

The White House
Washington, D.C.
Date January 17, 1986

OGCR TS 0801-86
Copy 1

[redacted]

EXHIBIT EM-10

[illegible] Attorney General
Washington, D.C. 20530

8C 1600

81

UNCLASSIFIED

OCTOBER 5, 1981

EXHIBIT
EM-10

The Honorable William J. Casey
Director
Central Intelligence Agency
Washington, D.C. 20505

Re: CIA Exchange of U.S. Weaponry for [redacted] (S)

Dear Bill:

We have been advised by the State Department's Legal Adviser that the Foreign Assistance Act and the Arms Export Control Act were not intended, and have not been applied, by Congress to be the exclusive means for sales of U.S. weapons to foreign countries and that the President may approve a transfer outside the context of those statutes. Accordingly, I believe the exchange for [redacted] may be legally completed, based upon a determination by the President that these Acts cannot be used and that the authorities of the Economy Act and National Security Act may be utilized to achieve a significant intelligence objective. In order to satisfy the Congressional reporting requirements imposed on the Secretary of Defense under DoD Appropriations Authorization Acts (10 U.S.C. 133, Note) and on you by the Intelligence Oversight Act of 1980 (50 U.S.C. 413), the House and Senate Intelligence Committees should be informed of this proposal and the President's determinations. (S)

Sincerely,

Bill

WILLIAM FRENCH SMITH
Attorney General

Partially Declassified/Released on 15 July 1987
under provisions of E.O. 12356
by B. Reger, National Security Council

3017

Classified by Derivative: State Department
Memorandum of Law, October 2, 1981.
Review for Declassification: 10/2/2001.

UNCLASSIFIED

~~SECRET~~

EXHIBIT EM-11

Vol 126 pt 10

Ex. 11

I further announce that the Senator from Georgia (Mr. TALMADGE) is absent [illegible] official business.

[illegible] further announce that, if present and voting, the Senator from Connecticut (Mr. RIBICOFF) would vote "nay."

Mr. STEVENS. I announce that the Senator from South Dakota (Mr. PRESSLER) is necessarily absent.

The PRESIDING OFFICER (Mr. EXON). Are there any other Senators in the Chamber wishing to cast their vote?

The result was announced—yeas 51, nays 42, as follows:

[Rollcall Vote No. 170 Leg.]

YEAS—51

Baucus
Bayh
Bentsen
Biden
Boren
Bradley
Bumpers
Byrd, Robert C.
Cannon
Chiles
Culver
Danforth
Durkin
Eagleton
Ford
Glenn
Heflin
Hollings
Huddleston
Inouye
Jackson
Javits
Johnston
Leahy
Levin
Long
Lugar
Magnuson
Mathias
Matsunaga
Melcher
Metzenbaum
Mitchell
Morgan
Moynihan
Nelson
Percy
Pryor
Randolph
Riegle
Roth
Sarbanes
Sasser
Stafford
Stennis
Stevens
Stewart
Stone
Tsongas
Williams
Young

NAYS—42

Armstrong
Baker
Bellmon
Boschwitz
Burdick
Byrd,
  Harry F., Jr.
[illegible]afee
[illegible]rch
[illegible]hran
[illegible]hen
DeConcini
Dole
Domenici
Durenberger
Exon
Garn
Goldwater
Hart
Hatch
Hatfield
Hayakawa
Heinz
Helms
Humphrey
Jepsen
Kassebaum
Laxalt
McClure
Nunn
Packwood
Pell
Proxmire
Schmitt
Schweiker
Simpson
Stevenson
Thurmond
Tower
Wallop
Warner
Weicker
Zorinsky

NOT VOTING—7

Cranston
Gravel
Kennedy
McGovern
Pressler
Ribicoff
Talmadge

So the motion to lay on the table Mr. WEICKER's amendment (No. 1793) was agreed to.

Mr. RIEGLE. Mr. President, I move to reconsider the vote by which the motion was agreed to.

Mr. LEVIN. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

The PRESIDING OFFICER. The joint resolution is open to amendment. If there be no further amendment to be proposed, the question is on the third reading of the joint resolution.

The joint resolution (H.J. Res. 554) was read the third time.

Mr. HOLLINGS. Mr. President, I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The joint resolution having been read the third time, the question is, Shall it pass? The yeas and nays have been ordered, and the clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. ROBERT C. BYRD. I announce that the Senator from California (Mr. CRANSTON), the Senator from Alaska (Mr. GRAVEL), the Senator from Massachusetts (Mr. KENNEDY), the Senator from South Dakota (Mr. McGOVERN), and the Senator from Connecticut (Mr. RIBICOFF) are necessarily absent.

I further announce that the Senator from Georgia (Mr. TALMADGE) is absent on official business.

I further announce that, if present and voting, the Senator from Connecticut (Mr. RIBICOFF) would vote "yea."

The PRESIDING OFFICER. Are there any other Senators in the Chamber wishing to vote?

The result was announced—yeas 78, nays 16, as follows:

[Rollcall Vote No. 171 Leg.]

YEAS—78

Baker
Baucus
Bayh
Bellmon
Bentsen
Biden
Boren
Boschwitz
Bradley
Bumpers
Burdick
Byrd, Robert C.
Cannon
Chafee
Chiles
Church
Cochran
Cohen
Culver
Danforth
DeConcini
Dole
Domenici
Durenberger
Durkin
Eagleton
Exon
Ford
Glenn
Hart
Hatfield
Heflin
Heinz
Hollings
Huddleston
Inouye
Jackson
Javits
Johnston
Kassebaum
Leahy
Levin
Long
Lugar
Magnuson
Mathias
Matsunaga
Melcher
Metzenbaum
Mitchell
Morgan
Moynihan
Nelson
Nunn
Packwood
Pell
Percy
Pryor
Randolph
Riegle
Roth
Sarbanes
Sasser
Schmitt
Schweiker
Stafford
Stennis
Stevens
Stevenson
Stewart
Stone
Tsongas
Wallop
Warner
Weicker
Williams
Young
Zorinsky

NAYS—16

Armstrong
Byrd,
  Harry F., Jr.
Garn
Goldwater
Hatch
Hayakawa
Helms
Humphrey
Jepsen
Laxalt
McClure
Pressler
Proxmire
Simpson
Thurmond
Tower

NOT VOTING—6

Cranston
Gravel
Kennedy
McGovern
Ribicoff
Talmadge

So the joint resolution (H.J. Res. 554) was passed.

Mr. HOLLINGS. Mr. President, I move to reconsider the vote by which the bill was passed.

Mr. HUDDLESTON. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

INTELLIGENCE OVERSIGHT ACT OF 1980

The PRESIDING OFFICER. Under the previous order, the Senate will now proceed to the consideration of S. 2284 which the clerk will state.

The assistant legislative clerk read as follows:

A bill (S. 2284) to authorize the intelligence system of the United States by the establishment of a statutory basis for the national intelligence activities of the United States, and for other purposes.

The Senate proceeded to consider the bill, which had been reported from the Select Committee on Intelligence with an amendment to strike all after the enacting clause and insert the following:

That this Act may be cited as the "Intelligence Oversight Act of 1980".

SEC. 2. Section 662 of the Foreign Assistance Act of 1961 (22 U.S.C. 2422) is amended by striking out in subsection (a) "and reports, in a timely fashion" and all that follows down through the period in subsection (b) and inserting in lieu thereof a period and the following: "Each such operation shall be considered a significant anticipated intelligence activity for the purposes of section 501 of the National Security Act of 1947.".

SEC. 3. (a) The National Security Act of 1947 (50 U.S.C. 401 et seq.) is amended by adding at the end thereof the following new title:

"TITLE V—ACCOUNTABILITY FOR INTELLIGENCE ACTIVITIES

"CONGRESSIONAL OVERSIGHT

"SEC. 501. (a) To the extent consistent with all applicable authorities and duties, including those conferred by the Constitution upon the executive and legislative branches of the Government, and to the extent consistent with due regard for the protection from unauthorized disclosure of classified information and information relating to intelligence sources and methods, the Director of Central Intelligence and the heads of all departments, agencies, and other entities of the United States involved in intelligence activities shall—

"(1) keep the Select Committee on Intelligence of the Senate and the Permanent Select Committee on Intelligence of the House of Representatives (hereinafter in this section referred to as the 'Select Committees') fully and currently informed of all intelligence activities which are the responsibility of, are engaged in by, or are carried out for or on behalf of, any department, agency, or entity of the United States, including any significant anticipated intelligence activity, except that (A) the foregoing provision shall not require approval of the Select Committees as a condition precedent to the initiation of any such anticipated intelligence activity, and (B) if the President determines it is essential to limit prior notice to meet extraordinary circumstances affecting vital interests of the United States, such notice shall be limited to the chairman and ranking minority members of the Select Committees, the Speaker and minority leader of the House of Representatives, and the majority and minority leaders of the Senate;

"(2) furnish any information or material concerning intelligence activities which is in the possession, custody, or control of any department, agency, or entity of the United States and which is requested by either of the Select Committees in order to carry out its authorized responsibilities; and

"(3) report in a timely fashion to the Select Committees any illegal intelligence activity or significant intelligence failure and any corrective action that has been taken or is planned to be taken in connection with such illegal activity or failure.

"(b) The President shall fully inform the Select Committees in a timely fashion of intelligence operations in foreign countries, other than activities intended solely for obtaining necessary intelligence, for which prior notice was not given under subsection (a) and shall provide a statement of the reasons for not giving prior notice.

"(c) The President and the Select Committees shall each establish such procedures as may be necessary to carry out the provisions of subsections (a) and (b).

"(d) The House of Representatives and the Senate, in consultation with the Director of Central Intelligence, shall each establish, by rule or resolution of such House, procedures to protect from unauthorized disclosure all classified information and all information relating to intelligence sources and methods furnished to the Select Committees or to Members of the Congress under

EXHIBIT
EM-11

thi[illegible]tion. In accordance with such proce[illegible] each of the Select Committees shall pro[illegible]y call to the attention of its respective House, or to any appropriate committee or committees of its respective House, any matter relating to intelligence activities requiring the attention of such House or such committee or committees.".

Mr. HUDDLESTON. Mr. President, I ask unanimous consent that the following members of the staff of the Select Committee on Intelligence be granted privilege of the floor during proceedings on S. 2284 and during the vote on the bill and any amendments: Bill Miller, Earl Eisenhower, Dennis Sharon, John Elliff, Keith Raffel, Mike Epstein, Abe Shulsky, David Shaw, Ken deGraffenreid, Angelo Codevilla, Tom Crowley, Ed Levine, Ted Ralston, Jim Roche, Jean Evans, Mark Schneider, Tom Connolly, and Sherry Towell.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HUDDLESTON. Mr. President, today in taking up S. 2284, we are taking another step up the ladder leading to comprehensive legislation authorizing and regulating the intelligence activities of the Government. The first step was taken in February 1978 when this body passed the Foreign Intelligence Surveillance Act. Over the past 2 years, we have seen that a statute can indeed give the intelligence agencies the authorities they need to undertake necessary intelligence activities, while at th[illegible]e time protecting the civil liberties [illegible] Americans and providing for strict congressional oversight. In S. 2284, the bill before us today, we are extending the statutory basis of congressional oversight to the entire ambit of intelligence activities within the jurisdiction of the Intelligence Committees of each House.

In the first instance, S. 2284 modifies the Hughes-Ryan amendment. Under that amendment the Central Intelligence Agency is not permitted to spend money on covert operations abroad unless the President finds that each such operation is important to the National Security of the United States and reports in a timely fashion a description of the operation to the appropriate committees of Congress.

The appropriate committees are now understood to be those dealing with intelligence, foreign relations, armed services, and appropriations in each House. The procedure of Hughes-Ryan was always intended to be a temporary expedient designed to hold the field only until a permanent arrangement was made for congressional oversight of intelligence activities. As Senator HUGHES, its sponsor, stated on the floor of the Senate, the amendment "provides a temporary arrangement, not a permanent one, recognizing that a permanent arrangement is in the process of being dev[illegible]ed." S. 2284 embodies such an ar[illegible]nt. Hughes-Ryan has certainly not [illegible]en a failure. It has set a needed precedent of congressional oversight of CIA covert operations and also showed that congressional committees could maintain a high level of security.

At the same time, however, the theoretical possibility that a leak of damaging information could emerge from one of the eight committees which possess at least a theoretical right of access to the information troubles the executive branch a great deal.

Restricting the notice of such operations to the two Intelligence Committees with their stringent security procedures does, in the view of the executive branch, reduce the possibilities of a leak, thereby helping assure the success of covert operations and in fact removing an impediment to their initiation. At the same time, S. 2284 specifically recognizes the responsibility of the two Intelligence Committees to bring to the attention of any other committee or of either House matters warranting their concern.

For example, if CIA were undertaking a major covert operation which would have significant effects on U.S. foreign policy in a certain region of the world, I would view it to be incumbent upon the Senate Intelligence Committee to inform the Senate Foreign Relations Committee of the initiative.

This bill goes far beyond the scope of Hughes-Ryan. First of all, unlike Hughes-Ryan, the provisions of the bill are not restricted to CIA; the activities of such other agencies as the National Security Agency, the Federal Bureau of Investigation, and the Defense Intelligence Agency are also covered. Next, the requirement for reporting applies to intelligence activities undertaken in the United States as well as abroad. Most importantly, the committee is to be kept "fully and currently informed." As was stated in the committee's report:

> The responsibility of the Executive here is not limited to providing full and complete information upon request from the committees; it also includes an affirmative duty on the part of the head of each [intelligence] entity to keep the committees fully and currently informed of all major policies, directives, and intelligence activities.

Supplementing this provision is a requirement that the two intelligence committees receive full access to information requested by the committees in furtherance of their responsibilities; under this provision, the scope of their responsibilities should be read as broadly as the congressional power to enact legislation and appropriate funds relating to intelligence. The committees are also to be specifically informed of any illegal activity or significant intelligence failure.

Not only does S. 2284 go beyond Hughes-Ryan in requiring reports on and full access to all intelligence activities, but it also changes the timing of the reports to Congress. The Director of Central Intelligence and the heads of all departments and agencies involved in intelligence activities are required to keep the two intelligence committees "fully and currently informed" of all intelligence activities, including any "significant anticipated intelligence activity." The use of the word "anticipated," of course, requires prior notice of such activities.

This act, then, extends beyond Hughes-Ryan to constitute a comprehensive statutory plan for oversight of intelligence activities. In supporting the bill and its accompanying report, the administration has recognised that intelligence activities are the joint responsibility of Congress and the executive branch. Intelligence activities clearly should be viewed as an arm of the national defense and the foreign policy of the country.

The Constitution does not specifically address the allocation of powers associated with these matters. Certain of the powers, such as the function of Commander in Chief and the power to appoint Ambassadors were specifically conferred by the Founders on the President; in turn, Congress received equally important powers including those to declare war, raise and support Armed Forces, and, in the Senate consent to treaties and the appointment of Ambassadors.

Given this right to be kept fully apprised of intelligence activities, Congress will be able to fulfill its constitutionally mandated role in the area of national defense and foreign policy. Unlike most national defense and foreign policy matters, intelligence activities cannot be discussed publicly. Therefore, in consultations with the executive branch, the two broadly based Intelligence Committees will be acting as proxies for the American people.

The input of the committees will be especially significant when they obtain prior notice of a significant intelligence activity—significant due to its particularly high cost or its significant potential for affecting this country's diplomatic, political, or military relations with other countries. Prior notification of intelligence activities that have significant potential for affecting foreign policy will permit consultation between the branches and help prevent harmful divisions of opinion such as occurred over U.S. policy in Angola. In addition, informing the Intelligence Committees of significant anticipated activities gives the President the benefit of advice and policy recommendations from outside the executive branch. It can only serve the national interest if the President knows whether he has broad support in the Congress before deciding on such a significant activity.

While before the committee, Director of Central Intelligence Turner stated that:

> Actions of both [Intelligence] Committees in reviewing . . . covert action findings has influenced the way in which we have carried them out.

He went on to say that the influence had been "absolutely" beneficial. Similarly, former Director Colby said that discussion of significant planned activities "enables the Executive to get a sense of congressional reaction and avoid the rather clamorous repudiation which has occurred in certain cases * * * I think that is a helpful device."

While Congress, acting through the two committees, does indeed have a role in the sphere of intelligence, S. 2284 states that even where prior notice is required, approval of the committees as a condition precedent to the initiation of any anticipated intelligence activity is not required. This language can be traced back to Senate Resolution 400,

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94th Congress, where it exists in similar form. During the floor debate on that resolution, the Senator from Tennessee (Mr. BAKER), the distinguished minority leader, stated that he had requested that this provision be added:

> To make absolutely clear that the inclusion of the words "including any significant anticipated activities" did not constitute a requirement that the Select Committee either give its consent or approval before any covert action or intelligence activity could be implemented by the Executive branch. Rather the intent of [including those words] is to require prior consultation between the Committee and the intelligence community, but not prior consent or approval.

Thus, the committee is not able formally to veto any proposed significant activity it learns about in advance.

All three provisions discussed—that the committees be kept fully and currently informed, be furnished any information concerning intelligence activities in order to carry out its authorized responsibilities, and receive reports on the illegal activities or significant intelligence failures—are premised on consistency with "all applicable authorities and duties, including those conferred by the Constitution upon the executive and legislative branches of the Government, and due regard for the protection from unauthorized disclosure of classified information and information relating to intelligence sources and methods."

I myself believe that the only constitutional basis for the President to withhold prior notice of a significant intelligence activity would be exigent circumstances when time does not permit prior notice; in such a case the committee could be notified as soon as possible. At the same time, the executive branch has argued that the President's "constitutional authorities and duties" might permit a withholding of prior notice through the exercise of the President's constitutional authority.

As I have stated, I believe that intelligence activities should be a joint responsibility of the President and Congress, and for that reason, Congress should obtain prior notice. Mr. Raymond Celada of the Congressional Research Service has written a scholarly report supporting this view.

Mr. President, I ask unanimous consent to have printed the research report at the conclusion of my remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 1.)

Mr. HUDDLESTON. Mr. President, in any case, I am confident that these matters will be worked out in a practical way, even if the constitutional authorities of the two branches remain in dispute.

In order to reduce concerns about essential secrecy in truly extraordinary circumstances, the President may limit prior notice to the Speaker and minority leader of the House of Representatives, the majority and minority leader of the Senate, and the chairmen and vice chairmen of the two Intelligence Committees. Given this provision, the chances that any President will rely on any alleged constitutional power to deny prior notice are much reduced. However, if he does claim such a power, he must give timely notice of the significant activity to committees together with an explanation of the reason for denial of prior notice.

The two branches share the responsibility to protect classified information and intelligence sources and methods from unauthorized disclosure. Under S. 2284, the committees are to establish rules protecting such information. Section 102(d) of the National Security Act of 1947 gives the Director of Central Intelligence authority to protect intelligence sources and methods from unauthorized disclosure. That statute, as Mr. Anthony Lapham, former General Counsel of the CIA, has pointed out in a letter, was never intended to deny information to a duly authorized oversight committee of Congress.

Mr. President, I ask unanimous consent to have Mr. Lapham's letter printed in the RECORD at the conclusion of my remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 2.)

Mr. HUDDLESTON. Mr. President, in fact, the administration recognizes that the Intelligence Oversight Committees of the House and Senate are authorized to receive such information. There may be aspects of certain intelligence activities which will not be given to the committees in order to preserve essential secrecy; when appropriate, the committee would agree to such a restriction. As is said in the committee report:

> The right of full access to any intelligence information implies some measure of discretion.

On the other hand, the committee maintains the right to subpena information; as is also said in the report:

> This statute does not provide a statutory right, independent of constitutional authority, to withhold information from Congress when requested by a congressional subpena.

Despite their importance, this bill envisions a far broader role for the Intelligence Committees than consultations with the executive branch on intelligence activities. In the absence of comprehensive charters, it is up to the two Intelligence Committees, acting through legislative oversight, to help insure that we maintain the best possible intelligence organization in the world, and at the same time protect the civil liberties of Americans. The primary focus of attention for the committee should be to insure high quality intelligence.

In a world growing increasingly complex, the policymakers of the Government must have the fullest, most up-to-date information on matters ranging from world grain harvests to Soviet nuclear plans and capabilities. The Intelligence Committee will continue to work toward further improvements in what I believe to be the best intelligence apparatus in the world. Whether it requires additional legislation or further appropriations, the committee will work toward that goal.

In addition, the committee will make special efforts to oversee investigations of Americans. With proper congressional oversight, no intelligence agency could conceivably be out of control. At the same time, we recognize that congressional oversight is no substitute for comprehensive intelligence charters.

In closing, I reaffirm the commitment I and the Intelligence Committee as a whole have made to the principle of comprehensive legislative charters which define the mission of the intelligence agencies, authorize certain intelligence activities, and protect the civil liberties of Americans. I remain convinced that charters are not just important, but essential to the efficient and effective operation of our intelligence community.

Each member of the committee has spent untold hours and days grappling with the issues raised by congressional oversight and by comprehensive charters. The chairman of the committee, the Senator from Indiana (Mr. BAYH); the vice chairman of the committee, the Senator from Arizona (Mr. GOLDWATER); and the vice chairman of the Subcommittee on Charters and Guidelines, the Senator from Maryland (Mr. MATHIAS) are especially deserving of thanks for their diligent work.

Other members of the subcommittee, such as the Senator from New York (Mr. MOYNIHAN), who is in the Chamber; and the Senator from Delaware (Mr. BIDEN); the Senator from Utah (Mr. GARN) have played very important roles in developing charter legislation and in developing the bill that is before us at this point. I can assure the Members of this body that these Senators and other committee members will continue their work aimed at passage of comprehensive charters.

EXHIBIT 1

POWER OF CONGRESS TO OBTAIN ADVANCE INFORMATION CONCERNING INTELLIGENCE OPERATIONS

The recent controversy over the advisability and practicability of the Hughes-Ryan Amendment, 22 U.S.C. § 2422, has given rise to a more fundamental question regarding the constitutional boundaries between Congress and the President with respect to the national security power. The Hughes-Ryan Amendment, which added a new section 662 to the Foreign Assistance Act of 1961, as amended, limits the use of funds appropriated under any act, "by or on behalf of the Central Intelligence Agency for operations in foreign countries, other than activities intended solely for obtaining necessary intelligence, unless and until the President finds that each such operation is important to the national security of the United States and reports, in a timely fashion, a description and scope of such operation to the appropriate committees of the Congress. . . . Excluded from the reporting requirements of law, at least insofar as they might necessitate pre-operational reports, are those intelligence operations which occur "during military operations initiated by the United States under a declaration of war approved by the Congress or an exercise of powers by the President under the War Powers Resolution."

The legislative history of the Hughes-Ryan Amendment makes clear that it was intended to give Congress some amount of control over covert activities (i.e., what popularly might be termed espionage activities) as distinguished from intelligence gathering activities sity to get this intelligence group moving faster, and I would hope that we can pass this bill even this afternoon.

There is really not a lot of disagreement with it, although I imagine some of the Jane Fonda type groups which roam around this country might find something wrong with it because it did not make a very perfect guarantee that they can go around downgrading America all they want to—and it might even amuse a gentleman who is now over in Tehran to note that we would smile at his efforts instead of doing what any other country would do, slap him in jail, which is a good place for him—if he will just raise a beard, that is about all it takes.

We want to get rid of the Hughes-Ryan part of this thing first. Hughes-Ryan is merely the one that made it impossible for us to conduct covert actions without 8 different committees—at least 8, which mean about 200 people—knowing what was taking place in these covert actions. You cannot have covert actions, in my opinion, even if your wife knows about it. That is another reason why I do not like the whole country or the whole town knowing what is going on. When you toss the New York Times in, which has some pipeline into what we do every day, classification becomes something that is rather a joke. But we do have to get rid of Hughes-Ryan; we have to make it tough for a man who has said he will live by the standards of the intelligence agencies, and then goes out and writes books using name, rank, and serial number of the people, has an office out here on Dupont Circle, and be able to cause the deaths of people around this world, to make it increasingly impossible for our country to operate in this powerful, powerful world, and growing more so every day, without fear of hurting someone.

So, Mr. President, those are the few remarks I have to make on this subject. I think the Senate and the Congress are indeed fortunate in having the type of men—probably the present speaker excepted—on the committees in the House and Senate being willing to spend hour after hour after hour, being awakened at all hours of the night to hear what is going on in places that normally you would not give a darn about, but we have to hear it.

In spite of all of the idiotic groups that wander around this country downgrading the United States, talking badly about it, are trying to tear down intelligence, I do not think the Senate or the House is going to stand still for it, and I do not think the American people are, either.

I want to thank the chairman of the committee and the former chairman of the committee for allowing me to address a few remarks.

Mr. INOUYE addressed the Chair.

The ACTING PRESIDENT pro tempore. The Senator from Hawaii.

Mr. INOUYE. Mr. President, I had the honor of serving as the first chairman of the Intelligence Committee when it was formed on May 19, 1976. At that time, the Senate, in its resolution 400, assigned to the committee a broad range of duties, all of which were designed to carry out rigorous oversight of the intelligence activities of the U.S. Government. One of the most important of those duties was to examine "the desirability of developing charters for each intelligence agency or department."

As chairman, I appointed Senator HUDDLESTON as chairman of the Charters Subcommittee. Since that appointment, the Intelligence Committee has held 24 open hearings and heard from 77 witnesses concerning the charters. In addition, this committee has held eight full committee hearings in executive session and six subcommittee hearings in executive session concerning the same subject.

Throughout all of these hearings and meetings, Senator HUDDLESTON has demonstrated extraordinary ability, effectiveness and character. Of the 24 open hearings, he was at all but three, which is quite an achievement for any chairman of any committee, and for all of the other subcommittee meetings or full committee hearings or full committee meetings in executive session, he was the man at the helm.

In addition, he has had 12 meetings with Admiral Turner, 3 meetings with the President's legal counsel Lloyd Cutler, 8 meetings with the Vice President, and 5 meetings with the President of the United States. He has presided over four major drafts of this bill, and God knows how many modifications.

Mr. President, I think the Intelligence Committee—and the Senate—owe Senator HUDDLESTON a great debt of gratitude. Although the brevity of the legislative calendar this year has made it impossible to consider the full charter package, Senator HUDDLESTON has completed all the ground work and fundamentals necessary for charter legislation to go forward in the future. I am convinced that this effort will go forward and that it will eventually succeed.

For the present, the step we take today in that direction is a most important one. First, this legislation will make the intelligence community function more efficiently and securely by reducing from eight to two the number of committees which must be informed of covert operations. Second, this legislation strengthens the oversight role of the intelligence committees of Congress by requiring advance notice of significant anticipated intelligence activities and access to all information.

The necessity for a large and extensive secret intelligence system imposes great demands upon our open, democratic, constitutional society. Secret intelligence activities, by their very nature, require that only a delegated few in the Government, both in the executive and the legislative branches, have detailed knowledge of the overall activities of our intelligence agencies. . Nevertheless, our constitutional system of checks and balances and of shared responsibilities between the branches demands shared knowledge as well.

I firmly believe that under our constitutional system, the license for the executive branch to undertake secret intelligence activities requires a full awareness of the nature and detail of these activities by the legislative branch. The experience over the past few years makes it clear that the executive branch should not be authorized to undertake secret intelligence activities unless the legislative branch, through its appropriate committees, is fully knowledgeable of the extent and the purpose of such intelligence activities.

The obverse of Congress right to prior notice and access to information is its duty to protect the valid secrets of our country. I am satisfied that the Senate Select Committee on Intelligence has demonstrated that it has the discipline necessary to protect the most sensitive secrets entrusted to it. In fact, I recall that the President himself, at our meeting with him at the White House on August 4, 1977, commended the committee for its record of security, saying that it was better than any other part of the U.S. Government. Since that time, the committee has continued to demonstrate that it can be trusted with the Nation's most sensitive secrets.

The Intelligence Oversight Act of 1980 provides that the two Intelligence Committees of Congress will receive prior notice of significant intelligence activities. However, provision has been made for a "limited prior notice" in those cases in which the President determines it is essential to limit prior notice to meet extraordinary circumstances affecting the vital interest of the United States. For these cases, the President shall limit prior notice to the chairman and ranking minority members of the House Permanent Select Committee on Intelligence and the Senate Select Committee on Intelligence, the Speaker and the minority leader of the House of Representatives, and the majority and minority leaders of the Senate.

The purpose of this limited prior notice in extraordinary circumstances is to preserve the secrecy necessary for very sensitive cases while providing the President with advance consultation with the leaders in Congress and the chairmen and ranking minority members who have special expertise and responsibility in foreign policy and intelligence matters. Such consultation will insure strong oversight, and at the same time share the President's burden on difficult decisions concerning significant activities. I am of the firm belief that the only time the President would not consult with the Intelligence Committees in advance would be in matters of extreme exigency. In my experience as chairman of the Intelligence Committee and as a continuing member of that committee, I can conceive of almost no circumstance which would warrant withholding of prior notice, except in those very rare situations where the President does not have sufficient time to consult with Congress.

The Select Committee on Intelligence voted unanimously in favor of this bill. The present membership of the committee reflects the full spectrum of Senate views from left to right. The committee's unanimous vote in favor of this bill recognition that the bill strikes the er balance between maintaining the ecy of information and insuring that Congress knows what the executive branch is doing in the name of the American people. Therefore, Mr. President, I strongly urge the Members of the Senate to vote favorably on this measure, S. 2284.

Mr. MOYNIHAN addressed the Chair.

The ACTING PRESIDENT pro tempore. The Senator from New York.

Mr. MOYNIHAN. Mr. President, I appreciate the opportunity to comment on the bill immediately before us and I do so as a member of the committee who has served 3½ of the 4 years of its existence.

I would like first to take the opportunity to express the singular admiration in what I think is a very special group, the select committee, which, of necessity, lives a somewhat closed life.

I would like to express the admiration I have, which I know is shared, for our first chairman, who has just spoken and who came to me when I arrived in the Senate and asked me if I would join the Committee. I had served as an American ambassador on two occasions and had some experience in the executive branch with this matter, and it was characteristic of him to bring a new person into the counsel of the group if he thought there was some qualification involved, as he did in my case.

But then, most singularly, at the end 2-year period of service, the senior nator from Hawaii (Mr. INOUYE) and the chairman of one of the most important committees in the Senate stepped down as chairman. He said that 2 years of the intensity of the experience was enough for any one person who was careful to perform at his best levels at all times.

The chairmanship was not to become the domain of any individual, something which the chairman had acquired through seniority, and which he would hold on to.

But he did not leave the committee, rather he stepped to the bottom of the committee to continue the cycle again. I do not know of an equivalent in the history of this body. Certainly, not in this time have we seen such a measure of seriousness and patriotism, a measure of which he need not be ashamed. I would like to attest to it and to thank him for the opportunity he has given me.

There are not words to describe our fondness for the ranking member, without whom those days and evenings in the Dome would not only pass unnoticed but unremembered, and for the chairman of our subcommittee, on which I have the honor to serve, for whom no praise would be sufficient at this time for what he has been through to bring us to this important point.

On one hand, this is a point where the enate is going to resolve, in a very ef- tive way, the question of how we es- blish an oversight with respect to matters that are of great sensitivity and equally great importance to this Nation.

On the other hand, Mr. President, I cannot but note a certain anticlimatic quality to this session. This subject was supposed to be one of the most difficult for the Congress to deal with, one charged with political conviction. The Senator from Hawaii has spoken of members on the committee from the left to the right. He very accurately uses such terms, which are nevertheless rare in our discourse because we do not think of ourselves in those terms so much as in terms of East and West and North and South. But, of necessity, ideological concerns have entered the deliberations of this committee more than in most. It is odd that at this particular first culmination, in statutory terms, of work that began practically a decade ago there should now be six Members of the Senate on the floor. I fear there will be fewer still as the proceedings go forward.

There is a reason for this, Mr. President, which is that the brave undertaking which commenced, 3½ years ago to produce a charter has not, as such, succeeded. The document finally produced by us, S. 2284, in all of its 176 pages, is available for those who find it possible to read, but it is not before us for any legislative action. It seems to me important that it be acknowledged at this moment why it is the case that we are dealing with this very important matter in such an abridged form.

It is simply because in the course of the past 3½ years the administration, which began with a commitment toward the enterprise and an enthusiasm for it, changed its position and gradually withdrew from active participation. In the end, in certain ways, it even began to be obstructive.

I regret the senior Senator from Maryland, who shared this effort with the Senator from Kentucky, is not present to describe that process of White House meetings which would end with an agreement from the other end of Pennsylvania Avenue that they would respond to our colleagues' queries in a week or a week and a half. I think a week and a half was about the average.

I see the Senator from Kentucky nodding knowingly.

Usually, however, after 3 months, in answer to an inquiry by the Senator from Kentucky, they would say, "Well, it will be another week and a half."

The fact is, however, the cooperation was withdrawn.

This has never been explained. This has never even been acknowledged. But the reality is here with us, and it is one to be commented upon and to be regretted. Because, if the administration has changed its mind on something so central, it is of elemental importance that it should expound its purposes and explain the change to those who were cooperating in good faith and with rather large expectations.

I would like to say, just so there be no misunderstanding, that I never took part in these negotiations in the White House. They were very properly left to the chairman of our subcommittee and his ranking member. It may be I have not accurately reflected the events, although I tried to do so, and I do not detect any dissent.

This leads me to another aspect of the bill before us, an incomplete aspect of the work we have so far done, about which I would like to take the liberty of addressing a question to the chairman of the subcommittee.

As he will, I think, agree, what we have here is a codification in law of the practice our committee has followed with the administration for the past 3½ years. I think this accurately reflects what we are now doing, as much as can be, and I think it reflects the arrangements which we have found satisfactory and which we think, having been tested, in a sense, can be put into statutory form.

I would note that there is one addition to the bill that perhaps was not contemplated, but which reflects an amendment, if you will, Mr. President, that was offered by my good friend, the Senator from Wyoming (Mr. WALLOP), who is also in the Chamber, and at whose suggestion I made an emendation, if that is not too obscure a term for purposes of being more explicit. In paragraph 3 of section 501(a)(c), the Director of the Central Intelligence and the heads of all Departments and Agencies are required not only to report in a timely fashion to the select committees on any illegal intelligence activities which may have occurred, but also on any significant intelligence failures and any corrective action that may have been taken which is planned in connection with them.

That change, that addition, reflects a concern which I think has been rising within our committee but which has not been much spoken about in public, which is that the first function of the intelligence community is to provide high quality intelligence, and that the first oversight responsibility of the Intelligence Committees of the Congress is to insure as much as possible that this is done or to find out if it is not.

A second responsibility is to insure that the rights of Americans are not violated in the course of the performance of this activity. That is not a lesser responsibility, but it is simply one which, in logic, follows from the first. Absent an intelligence activity, there are not likely to be abuses of it. It was this second concern that brought forward the Church committee, as it is known, and led to the creation of the present committee.

But we must not forget our first responsibility, which the chairman of the subcommittee pointed to it in his opening remarks. This is a matter which gives all of us increasing concern. It certainly gives me increasing concern.

It manifests itself in several ways. First of all, I detect in the executive branch, and I do not ask anybody to share this judgment, an unconcern with the security of the information produced by the intelligence community which verges on disdain and can only, in fact, reflect an underlying feeling that the quality is not worth protecting, that the product is not good enough to matter. There has been a very great deal of talk about the problem of the Hughes-Ryan legislation, with its eight committees, their multiple membership, and the problems of security.

That is not the main security problem in our intelligence community. It may have incidentally created some such problems; I cannot speak to the matter. I know of no such problems emerging from the Senate committee in my 3½ years. The problem, Mr. President, is the deliberate making public through the media of intelligence information for the particular political purposes of incumbent administration officials. They are not necessarily the same purposes. They can be conflicting purposes. Characteristically, they are.

Not many days ago, Mr. President, I undertook what, in other circumstances, might be the unusual act of introducing the national intelligence estimate on Soviet strategic weapons into the Congressional Record. This is the most sensitive of the annual collection of estimates that we make.

Obviously, I did not introduce it verbatim or anything of the kind, even though that information will become available to us in the Intelligence Committees. I think probably it has already arrived and any of us can read it. Once we read it, we would be bound not to discuss it. Anticipating the debate to this point, I simply put into the Congressional Record the official reports on what was in the intelligence estimate as they appeared seriatim in the Washington press by one administration official or the other. Then, in an act of parochialism to which I think we are all given in this body, I turned, at last, to the most authoritative formulation.

The Washington Post, on the 31st of January, had "Intelligence Estimate Said to Show Need for SALT," a fine article by Mr. Getler and Mr. Kaiser, attributing the information to "some Government officials who support SALT."

Then in May, there was an article by Mr. Getler, again a very fine one, quoting "administration sources." In one place, it quotes "administration sources" and in another, "CIA officials" and "Pentagon sources," again it told us yet more of what the intelligence estimate says.

Mr. Richard Burt—not meaning to suggest anything but the highest qualification for other journalists involved, but he is, after all, the senior man around here—finally decided to straighten it all out and get straight in the newspaper of record (the New York Times) just what the intelligence estimate was. He, of course, quoted "Carter administration aides."

It is not unimportant that this should happen, and it suggests a lack of concern for the protection of the intelligence estimate. There is no more serious effort the community makes than the collecting of this information and preparing the estimate for the President. If the President's aides hand it out, what must they feel about it and what must be the worth of the people who try to do it?

I even suggested on that occasion, May 15, that perhaps there was no cure for this until the day came when a Director of the Central Intelligence walked into the Oval Office and said:

> Mr. President, I resign. I want that fellow's ears, or you will have my resignation.

That has not happened yet. It ought to.

What brings me to the point is simply this. I hope that as we move to the next period of activity, we do direct ourselves as best we can to the question of the performance of the intelligence community. This is a very difficult thing to assess. I do not know that it has ever been attempted.

I think all credit ought to be given to Mr. George Bush, who, as Director of the CIA, had the good grace to accept the very inspired thought of Mr. Leo Cherne, who was then on the President's Foreign Intelligence Advisory Board, that an adversary system be developed to test and argue concepts.

We had better address ourselves to this or our work will soon have an imbalance that will justify criticism.

We are trying to do something without precedent in the experience of Government, which is to conduct publicly a secret activity. This is not beyond the wit of this democracy. I think we are doing so, and doing so well. But it should not be lost to us that the first task of intelligence is to produce information in circumstances of incomplete access and incomplete knowledge.

That task will persist and it will persist well beyond our efforts to insure that, in the course of it, we do not abuse power.

I simply would like to conclude my first remarks by asking the chairman if I am not correct in my understanding that we do mean, in the next Congress or possibly sooner, to take a very sustained look into the question of how effective our present performance is. If the ranking member wishes to speak on that point as well, I should be happy to hear him too.

Mr. HUDDLESTON. I am happy to respond to that. It has been a subject of some discussion among Members individually and among the committee itself.

There is no question that will be a major thrust, in my judgment.

I do not know whether I will be on the committee, but that will be a major thrust in the committee's activities in future months.

Mr. MOYNIHAN. Mr. President, I appreciate hearing that. I cannot overestimate its importance. I thank my friend from Kentucky.

Mr. President, there is every reason to believe we have here a seriously injured institution, a hurt institution, an institution for which problems of morale and recruitment are difficult, an institution which lives in an adversary relationship it has not sought with a significant segment of our community, an institution profoundly different from what it once was.

We are engaged in this debate today, because this particular institution grew out of a very small coordinating agency contemplated by the National Security Act of 1947.

As members of the committee know, the statutory basis of the present agency is five paragraphs in the National Security Act of 1947.

The defense of the world led to a very different evaluation than was contemplated, and it is long past time a statutory basis was provided.

But as little as we can remember back to the origins of the agency and the institution, neither, it seems to me, do we recall the elan, the morale, the prestige, the support that this activity had. This was the kind of morale and the kind of support that did not make secrecy a problem because secrecy, where necessary, was a matter of pride and a matter of morale and was sustained.

The hemorrhaging of information in recent decades is a symptom of an institutional difficulty which we ignore at our peril, and an indulgence which some permit themselves. No Member of this body has done this, but there are persons, it seems to me, in this Nation that have done it, and we have to recognize that reality.

So it is to the question of performance as well as to the protection of the rights of American citizens that we now turn, having done a significant and important piece of beginning work, having laid the foundation of congressional oversight, upon which that subsequent inquiry into performance and the protection of the rights of American citizens can be based.

So, Mr. President, once again I thank the Senator for the opportunity of working with him for these 3½ years, for the forbearance and patience on his part which might not have been expected of a man from Kentucky, and this which is perhaps all the more to be praised when encountered.

I thank the Chair.

Mr. LEAHY addressed the Chair.

The ACTING PRESIDENT pro tempore. The Senator from Vermont.

Mr. LEAHY. Mr. President, I yield to the Senator from Kentucky without losing my right to the floor.

Mr. HUDDLESTON. Mr. President, I ask for the yeas and nays on final passage.

The ACTING PRESIDENT pro tempore. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

Mr. LEAHY. Mr. President, as the Senator from Vermont, I add, as has been said by many here, my praise, the praise felt in a bipartisan fashion for both the chairman of our committee (Mr. Bayh) and the vice chairman of our committee (Mr. Goldwater).

I think it is an example of the bipartisan esteem felt for both of them that we have a piece of legislation before the Senate with such unanimity. But I think this committee, perhaps, brings out the best in people.

It has been stated by others far better than I, the example set by the first chairman of the committee (Mr. Inouye) in establishing credibility, excellence, and the strictest of competence in that committee.

This has been reflected in the hours and hours, weeks and months of work by the Senator from Kentucky in putting together an extremely important piece of legislation.

Mr. President, I rise to express a deep

COMPARISON OF EMPLOYMENT GROWTH—TVA VERSUS SOUTHEAST VERSUS NATION

Period	TVA region	Southeast[1] less TVA	Nation
	Manufacturing employment growth rate (percent)		
1960-70	4.4	3.2	1.4
1970-73	4.8	3.4	1.3
1973-79	.4	1.0	.7
1980-90	1.2		.5
1990-2000	.3		.1
	Total employment growth rate (percent)		
1960-70	3.6	3.8	2.7
1970-73	4.7	5.4	2.7
1973-79	1.9	3.2	3.4
1980-90	1.4		1.4
1990-2000	1.2		1.1

[1] The southeast includes the States of West Virginia, Virginia, Kentucky, North Carolina, South Carolina, Georgia, Florida, Alabama, Mississippi, Louisiana, Arkansas, Tennessee.

Mr. SASSER. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. HELMS. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

Mr. MATHIAS. I object.

The PRESIDING OFFICER. Objection is heard. The clerk will continue the call of the roll.

The bill clerk continued with the call of the roll.

(Mr. HART assumed the chair.)

Mr. HUDDLESTON. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

PRIVILEGE OF THE FLOOR

Mr. HUDDLESTON. Mr. President, I ask unanimous consent that the following staff members from the Senate Intelligence Committee staff be granted floor privileges during consideration of the conference report on S. 2597:

William G. Miller, Dennis P. Sharon, Danny Childs, Ted Ralston, Edward Levine, John Elliff, Keith Raffel, Thomas Crowley, James Roche, and Spencer Davis.

The PRESIDING OFFICER. Without objection, it is so ordered.

INTELLIGENCE AUTHORIZATION ACT—CONFERENCE REPORT

Mr. HUDDLESTON. Mr. President, I submit a report of the committee of conference on S. 2597, and ask for its immediate consideration.

The PRESIDING OFFICER. The report will be stated.

The assistant legislative clerk read as follows:

The committee of conference on the disagreeing votes of the two Houses on the amendments of the House to the bill (S. 2597) to authorize appropriations for fiscal year 1981 for intelligence activities of the United States Government, the Intelligence Community Staff, the Central Intelligence Agency Retirement and Disability System, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses this report, signed by a majority of the conferees.

The PRESIDING OFFICER. Without objection, the Senate will proceed to the consideration of the conference report.

(The conference report will be printed in the proceedings of the House of Representatives.)

Mr. HUDDLESTON. Mr. President, included in the intelligence authorization bill is an amendment containing the complete text of S. 2284, the Intelligence Oversight Act of 1980. The Senate passed S. 2284 as a separate measure by a vote of 89 to 1 on June 3 of this year. The mechanism envisioned by the bill and the amendment will insure proper congressional oversight of intelligence activities. The heads of the intelligence agencies are to keep the two Intelligence Committees fully and currently informed, provide full access to information, and report significant activities before their initiation. Of course, the intelligence committees are explicitly given the duty of keeping other committees in the two Houses of Congress informed on intelligence activities that fall within their jurisdiction.

The amendment also alters the requirements of the Hughes-Ryan amendment on prior notice of covert operations. Rather than reporting CIA operations abroad to seven "appropriate" committees in a timely fashion, under the amendment in this bill the President will give prior notice of such operations only to the two intelligence committees.

It is not my intention to discuss in detail the various provisions of this amendment. The Intelligence Committee report on S. 2284, and the floor debate on June 3, including the colloquy between Senator Javits and myself, all of which should be regarded as part of the legislative history of this amendment, have dealt with its meaning in detail. The amendment envisions a partnership between the two branches of Government in exercising responsibility for intelligence activities. Specific responsibilities are placed on both branches. The executive branch has the duty to provide information to the two Intelligence Committees. At the same time, the Intelligence Committees have a duty—which they share with the executive branch—to protect sources and methods from unauthorized disclosure. An amendment offered by the House in conference makes clear that the committees are not to be denied information by the executive branch on the grounds that giving them information would be unauthorized disclosure.

Without doubt, passing a statutory framework for congressional oversight into law is a historic step. It is the result of a long process encompassing countless negotiating sessions.

In working out the delicate compromise which sets forth the duties and authority of both branches in the area of intelligence activities, the executive branch should be commended. I know that this issue has had the personal attention of both the President and Vice President. This bill has evolved under the guidance of the two chairmen of the Senate Intelligence Committee, my colleague from Hawaii, Daniel K. Inouye, and my colleague from Indiana, Birch Bayh, without whose judgment and political skill this plan for statutory congressional oversight would never have been brought to a successful conclusion.

Other Senators, including my friend from Arizona (Senator Goldwater), from Utah (Senator Garn), from Delaware (Senator Biden), from New York (Senator Moynihan), from Vermont (Senator Leahy), from Indiana (Senator Lugar), and my esteemed colleague from Maryland, Charles McC. Mathias, the vice chairman of the Subcommittee on Charters and Guidelines, have had a major role in shaping this legislation. Our colleagues from the other side of Capitol Hill, including Mr. Zablocki, the chairman of the Foreign Affairs Committee, Mr. Boland, the chairman of the House Intelligence Committee and Mr. Robinson, the ranking member of the House Intelligence Committee, also deserve no small part of the credit for passage of this bill.

Mr. MATHIAS. Mr. President, the oversight provisions contained in the bill before the Senate mark the culmination of a remarkable effort to restore constitutional balance to our system of Government. In the aftermath of the Second World War, the United States assumed world leadership and had to act in ways and in areas of governmental activity that our Founding Fathers had never contemplated. That created strains on the constitutional system of Government that were unique in our history. What has been achieved today marks a restoration of constitutional checks and balances in the area of secret Government activities. What the Senate approves today is, in essence, a consensus between the legislative and executive branch of how the secret activities of the United States are to be governed.

What we have constructed are understandings and procedures which respect the constitutional authorities, duties, and prerogatives of both branches. The provisions we have written provide a framework of shared responsibilities for the intelligence activities of the United States based upon a recognition that only with full information can these vital instruments of power be governed. But we have done so in such a way that respects duties and authorities of both branches.

A heavy burden has been placed on the overlight committees to insure that secret activities are governed in accord- with the Constitution and the law.

lly important, the provisions we enact today give the power necessary to do the task effectively. The combination of fully empowered oversight committees, and carefully drawn internal guidelines can serve as an appropriate constitutional means of Government. In coming years, it may be necessary to enact a charter or statutory framework for the activities of the intelligence agencies. It may be that consensus on charters will not be arrived at for some time, but there is no question that what has been established today has given the Nation the capacity to have an effective intelligence system within the Constitution and the law.

This has been a very difficult, complicated process, but it has had the support of the Carter administration and the predecessor Ford administration. The leadership of the Senate has supported this activity in the best spirit of bipartisanship. The President, the Vice President and their chief advisers have worked closely with the Senate Select Committee on Intelligence to achieve this restoration of checks and balances and shared responsibility. Without that desire to arrive at a consensus of shared responsibility, this bill would not have been possible. We owe special thanks to the chairman of the Subcommittee on Charters and Guidelines, of which I have the honor to be the vice irman. Senator HUDDLESTON, with dence and diligence has spent untold hours to bring this bill to its successful conclusion. The country owes him its gratitude.

I want also to commend my two chairmen who have guided the way, Senator INOUYE, our first chairman, and the present chairman, Senator BAYH. I also want to thank Senator BARRY GOLDWATER, the vice chairman who has encouraged this effort.

Mr. HUDDLESTON. Mr. President, I thank the distinguished Senator from Maryland.

● Mr. BAYH. Mr. President, today's vote on the conference report to S. 2597 marks the end of an effort begun 5 years ago when the Senate received a recommendation in the final report from the Church committee that a fully empowered oversight committee be created. The recommendation made 5 years ago was that effective oversight would require full access to information, effective monitoring of all the activities of the intelligence agencies, vigorous annual authorization procedures, and the formulation of a competent, professional, nonpartisan staff to assist the committee. With the passage of this bill today, and particularly the provisions which contain the procedures for Senate oversight previously passed by the Senate on June 3, 1980, in S. 2284, all of these objectives have been achieved.

This is the fourth annual authorization bill for the intelligence activities of the United States. The committee, through this action, has sought to strengthen all areas of intelligence activities through the allocation of funds and general policy guidance for the use of these funds. It is our view that the work of the committee in this area has, in fact, strengthened the intelligence capabilities of the United States.

I wish to commend Senator DANIEL K. INOUYE, the first chairman of the full committee and presently the chairman of the Budget Subcommittee, for the leadership and wisdom he has given to his colleagues. The procedures he established over the past 4 years have proven to be an effective guide for those who follow.

The oversight provisions of the authorization bill are of great significance. They are based on 4 years of difficult negotiation with the intelligence agencies, the House of Representatives, and the President, Vice President and his chief advisers. We have agreed upon a formula which we believe serves the duties of both branches, and fully respects the constitutional authorities and duties of both branches. The procedures contained in the oversight provisions are based on the practical experience of the past 4 years. They are predicated on the guidelines set forth in Senate Resolution 400, which have been in force since 1976, and Executive Order 12036.

Access to information and the power of the purse are the bedrock of an effective oversight system. The underlying intention of these provisions is that all the information that the oversight committee requires will be provided when the committees require it and in the detail that the particular occasion demands. There is, however, a recognition of the authorities and duties of both the Congress and the executive branch, including the constitutional authorities of each branch. There is further a duty on the part of both branches to insure that intelligence information is handled with care and discretion so that the interests of the United States are protected.

The process by which these oversight provisions have been developed is, in my view, the only way that such a consensus could have been reached. The President, the Vice President and their chief advisers, the intelligence agencies and the legislature all recognized the necessity to work together, to respect each other's duties, authorities and prerogatives in developing agreed upon procedures. Neither branch was asked to give up any powers. Rather, the guiding principle was to establish procedures by which both branches could carry out their separate and joint responsibilities.

The procedures of the oversight provisions concern four ways by which the oversight committees will receive and use information. The first is an obligation on the executive branch to keep the select committees on intelligence fully and currently informed of all intelligence acivities. This places upon the intelligence agencies the obligation to tell the intelligence committees those things which in their judgment are of importance, current interest, and useful to policymakers and to bring this information to the attention of the committees in a reasonably timely fashion.

Second, the intelligence agencies are required to provide advance information on significant anticipated activities such as covert operations and other intelligence activities specified by the intelligence committees in consultation with the executive branch. Third, in order to carry out inquiries which arise from time to time, the intelligence agencies are to furnish any information or material concerning intelligence activities that are requested by the oversight committees. Finally, they are to provide timely reports on any illegal activities or significant intelligence failures. What is embodied in these provisions is the essence of the practices and procedures that we have developed over the past 4 years.

There has been concern that a full charter has not been enacted this year. Until a comprehensive charter is enacted, these oversight procedures must serve as the principal means of governing the intelligence activities of the United States in combination with guidelines provided by the Attorney General, the Director of Central Intelligence, and the intelligence agency heads. Effective oversight that will assure that the intelligence activities of the United States serve both the foreign policy and defense needs of the country and do so within the limits of the law is now a major burden of the intelligence oversight committees. The committees now have the full means to carry out this task.

Senator DEE HUDDLESTON deserves the special thanks of the committee, the Senate and the country for his devoted leadership in bringing the oversight provisions to enactment. He and his subcommittee vice chairman, Senator CHARLES MCC. MATHIAS, have worked since 1975 as members of the Church committee and as the chairman and vice chairman of the Subcommittee on Charters and Guidelines to write oversight provisions that would have a broad consensus in the legislative and executive branches. They deserve our gratitude for achieving success in this very difficult task. They have spent hundreds of hours in negotiations. They have led us in dozens of discussions with the President, Vice President and other officials in the executive branch repeatedly over the past 4 years and have done so with patience and determination.

And finally, I want to take this occasion to express my gratitude to the vice chairman of the Select Committee on Intelligence, my good friend, Senator BARRY GOLDWATER. I have been very fortunate to have been able to work with Senator GOLDWATER over the 4 years that the Select Committee on Intelligence has been in existence. For the past 2 years we have shared the burden of the leadership of the committee's activities. I want to say that his advice and counsel have served the committee and the Senate well. With his help we have been able to conduct the committee's work in a spirit of nonpartisanship. The important work of the committee requires no less. Senator GOLDWATER's commitment to making the Select Committee on Intelligence an effective instrument of oversight of the Nation's intelligence activities has been a major reason why the committee has been successful thus far in carrying out its mandate.

His long experience in the Government of the United States has been an invaluable help. His unfailing good humor has lightened many occasions that were very difficult indeed. I know all the members of the committee would agree with me that we have been very fortunate to have BARRY as vice chairman. Speaking personally, our friendship has deepened even though we may approach some issues from very different perspectives. In these overriding matters of vital importance to the security of our country, I could ask for no firmer colleague.●

● Mr. INOUYE. Mr. President, the Intelligence Oversight Act of 1980, which has been approved in conference as an amendment to the intelligence authorization bill, will, I am sure, become known as "the Huddleston amendment," in recognition of Senator DEE HUDDLESTON's tireless and effective leadership since 1976 in guiding this landmark legislation through Congress. Along with the rest of the Select Committee on Intelligence, I salute DEE HUDDLESTON for his unflagging efforts and congratulate him on this important accomplishment.

The Huddleston amendment will make the intelligence community function more efficiently and securely by repealing Hughes-Ryan and reducing reporting of intelligence activities to two committees instead of eight. In addition, this legislation continues the significant consultative role of the intelligence oversight committees of Congress by requir[illegible] advance notice of significant intel[illegible]ence activities and access to all information.

The Huddleston amendment also provides for a more "limited prior notice" in those cases in which the President determines it is essential to limit prior notice to meet extraordinary circumstances affecting the vital interests of the United States. For these cases, the President shall limit prior notice to the chairmen and ranking minority members of the House Permanent Select Committee and the Senate Select Committee on Intelligence, the Speaker and the minority leader of the House of Representatives, and the majority and minority leaders of the Senate.

The purpose of this limited prior notice in extraordinary circumstances is to preserve the secrecy necessary for very sensitive cases while providing the President with advance consultation with the leaders in Congress and the chairman and ranking minority members who have special expertise and responsibility in intelligence matters. Such consultation will insure strong oversight, and at the same time share the President's burden on difficult decisions concerning significant activities. Because the limited prior notice provision preserves the secrecy necessary for very sensitive cases, I am of the firm belief that the [illegible] time the President has the con[illegible]tional authority to withhold prior [illegible]ce to the intelligence committees would be in matters of extreme exigency. In my experience as chairman of the Intelligence Committee and as a continuing member of that committee, and after 4 years of reviewing the covert operations of our intelligence system, I [illegible] conceive of any circumstance [illegible] would require the withholding of prior notice except where the Nation is under attack and the President has no time to consult with Congress before responding to save the country.●

Mr. HUDDLESTON. Mr. President, I move the adoption of the conference report.

The PRESIDING OFFICER. The question is on agreeing to the conference report.

The conference report was agreed to.

Mr. HUDDLESTON. Mr. President, I move to reconsider the vote by which the conference report was agreed to.

Mr. MATHIAS. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT-INDEPENDENT AGENCIES APPROPRIATIONS, 1981

The Senate continued with the consideration of the bill (H.R. 7631).

Mr. CRANSTON. Mr. President, I ask unanimous consent that I may send to the desk for consideration an amendment relating to veterans' matters.

The PRESIDING OFFICER. Is there objection?

Mr. MATHIAS. Reserving the right to object, Mr. President, the Senator from California wishes to lay aside the Tsongas amendment temporarily?

Mr. CRANSTON. Yes, I would.

Mr. MATHIAS. The Tsongas amendment would then become the immediately pending business upon the completion of the Cranston amendment.

Mr. CRANSTON. Actually, I have two amendments, both relating to veterans' matters, and then we would return to the Tsongas amendment.

Mr. MATHIAS. The unanimous-consent request is that the Tsongas amendment be temporarily laid aside until both Cranston amendments are completed. Would it then be the intention of the Senator from California to put in a quorum call at that point?

Mr. CRANSTON. Yes.

Mr. MATHIAS. Under those conditions, Mr. President, I have no objection.

The PRESIDING OFFICER. Without objection, it is so ordered.

UP AMENDMENT NO. 1629

(Purpose: To increase by $31.7 million the Veterans' Administration medical care account to provide funding for 1,000 additional direct health-care personnel and for 500,000 additional outpatient visits)

Mr. CRANSTON. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

The Senator from California (Mr. CRANSTON) for himself, Mr. SIMPSON, Mr. TALMADGE, Mr. RANDOLPH, Mr. STONE, Mr. DURKIN, Mr. MATSUNAGA, Mr. THURMOND, Mr. STAFFORD, Mr. HUMPHREY, Mr. TOWER, Mr. WILLIAMS, Mr. HATFIELD, and Mr. LAXALT proposes an unprinted amendment numbered 1629.

Mr. CRANSTON. I ask unanimous consent that further reading be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 34, line 5, strike out "$5,953,268,000" and insert in lieu thereof "$5,984,968,000".

Mr. CRANSTON. Mr. President I have called up this amendment on behalf of myself and all of the other members of the Committee on Veterans' Affairs, Senator SIMPSON, Senator TALMADGE, Senator RANDOLPH, Senator THURMOND, Senator STAFFORD, Senator STONE, Senator DURKIN, Senator MATSUNAGA, and Senator HUMPHREY—as well as Senators TOWER, WILLIAMS, HATFIELD, and LAXALT.

As chairman of the Committee on Veterans' Affairs, I urge my colleagues to support this amendment to provide an increase of $31.7 million in fiscal year 1981 appropriations for the Veterans' Administration medical care account. This additional funding which can be provided without exceeding the targets in the first concurrent resolution on the fiscal year 1981 budget for function 700—veterans' benefits and services—would provide $21.1 million for an additional 1,000 badly needed direct patient-care, full-time employee equivalents and $10.6 million to restore funding for 500,000 outpatient visits that was cut on the assumption that non-service-connected disabled military retirees would be excluded from VA outpatient health-care services during fiscal year 1981.

Mr. President this amendment is supported by the American Legion, the Veterans of Foreign Wars, the Disabled American Veterans, and the Paralyzed Veterans of America. I ask unanimous consent that the letters I received from those organizations in support of this amendment be printed at this point in the RECORD.

There being no objection, the letters were ordered to be printed in the RECORD, as follows:

THE AMERICAN LEGION,
Washington, D.C. September 11, 1980.

DEAR SENATOR: This is to advise you of The American Legion's support for two amendments to H.R. 7631, the FY 1981 HUD-Independent Agencies Appropriations Act. These proposals are the product of deliberations within the Senate Committee on Veterans Affairs and they have been unanimously endorsed by the membership of that Committee.

The first of these amendments would delete from H.R. 7631 a rider prohibiting the expenditure of FY 1981 funds for GI Bill flight training benefits. We feel strongly that these benefits should be continued for those veterans who seriously pursue flight careers. In fact, the Senate registered its support for the concept of this program earlier in the year by approving language in H.R. 5288 designed to eliminate a recurrence of past abuses.

The second amendment would increase the VA medical care account by $31.7 million for the purpose of providing additional direct patient care personnel and restoring funds for some 500,000 out patient visits. The

EXHIBIT EM-12

UNKNOWN SUBJECTS; POSSIBLE NEUTRALITY VIOLATION CONCERNING A C-123 AIRCRAFT SHOT DOWN BY NICARAGUAN MILITARY FORCES, OCTOBER 7, 1986; NEUTRALITY ACT - NICARAGUA

SOUTHERN AIR TRANSPORT

DETAILS

On October 8, 1986, FBI Miami initiated a preliminary inquiry into the crash of a C-123 aircraft in Nicaragua. This inquiry was initiated based on news media accounts concerning the circumstances of the crash.

While attending the International Association of Chiefs of Police Convention on October 8, 1986, Executive Assistant Director (EAD) Oliver B. Revell was telephonically contacted by Lieutenant Colonel Oliver North, National Security Council, and advised that a civilian aircraft, a C-123, crashed in Nicaragua. North also advised that FBI Agents were reported to have visited the offices of the Southern Air Transport (SAT) Company in Miami, Florida, in conjunction with this crash that day. North indicated that although he knew nothing of SAT being involved in any illegal activities, he was concerned that the FBI Agents conducting investigation at SAT might inadvertently discover that SAT was involved in authorized activity in regard to the Presidentially authorized initiative that Revell was privy to. North did not request that the investigation be held in abeyance nor that the FBI take any specific action but he indicated he wanted to insure that EAD Revell and Director Webster knew that the negotiation process was at a very critical stage and that any inadvertent disclosure of the involvement of a U.S. company in this process could have disastrous results. EAD Revell telephonically contacted the Miami Field Office after receiving this information from Lieutenant Colonel North, and learned that the Miami Field Office had already initiated a preliminary inquiry into this matter. EAD Revell instructed the Miami Field Office to submit a teletype to FBI Headquarters (FBIHQ) advising of the initiation of the inquiry for further dissemination to the Department of Justice (DOJ). Miami advised FBIHQ of its investigation by teletype dated October 9, 1986, which was disseminated to DOJ, Internal Security Section (ISS).

EXHIBIT
EM-12

On October 10, 1986, Deputy Assistant Attorney General Mark Richard met with representatives of FBIHQ in EAD Revell's office and set forth specific instructions for the preliminary inquiry. These were included in a teletype to Miami to contact a specific source to determine the circumstances pertaining to the last known departure of the C-123 aircraft which crashed on October 7, 1986. Miami was also instructed to identify who was on the aircraft, what the aircraft was carrying, and when the aircraft had departed the Miami, Florida, area. In addition, Miami was instructed to determine any other information pertaining to the origination of this flight. Miami was instructed to establish the history and ownership of this aircraft and to determine flight plans, manifest, and any other pertinent data pertaining to the aircraft. Miami was instructed to document the basis for information received by the source pertaining to what was on the aircraft when it left Miami. Miami was also instructed to document any information in the source's possession pertaining to when and where weapons were loaded on the aircraft.

On October 14, 1986, EAD Revell advised Director William H. Webster of the call he received from Lieutenant Colonel North and the action taken by the Bureau.

Between October 10, 1986 and October 30, 1986, FBIHQ coordinated information received from the Miami, San Francisco, Jacksonville, and Savannah FBI Field Offices.

On October 30, 1986, Judge Webster received a secure telephone call from Associate Attorney General (AAG) Trott. AAG Trott had been directed by Attorney General Meese to ask that the FBI suspend for ten days, any non-urgent work in this matter. AAG Trott advised that apparently there were some sensitive hostage negotiations underway that could possibly be prejudiced. Judge Webster coordinated this required delay with Assistant Director (AD) Floyd I. Clarke, Criminal Investigative Division. AD Clarke contacted Section Chief Steven L. Pomerantz, Terrorism Section (TS). It was agreed that this temporary suspension would create no problem in the preliminary stages of this investigation inasmuch as it was concluded there was no perishable leads that would deteriorate during a ten-day suspension.

On October 31, 1986, Judge Webster prepared a memorandum dated October 31, 1986, captioned "Southern Air Transport." This memorandum was directed to AD Clarke and confirmed conversations between Judge Webster and AD Clarke, summarizing the conversation between AAG Trott and Judge Webster.

On November 10, 1986, the Unit Chief, Counterterrorism Planning and Special Investigations Unit (CPSIU), telephonically contacted the Assistant Section Chief, ISS, Criminal Division (CD), DOJ, to confirm the resumption of the preliminary inquiry. ISS stated it should be noted that no instructions had been received to resume the preliminary inquiry. The CPSIU coordinates directly with ISS, CD, all proposed neutrality investigations initiated by the FBI.

On November 12, 1986, Judge Webster placed a telephone call to AAG Trott. AAG Trott was not in the office. On November 13, 1986, when AAG Trott returned Judge Webster's call, they discussed reinstituting the investigation.

On November 12, 13, and 18, 1986, the CPSIU, TS, recontacted ISS, CD, DOJ, determining that no confirmation had been received to resume the investigation.

On November 14, 1986, Lieutenant Colonel North telephonically contacted EAD Revell. Lieutenant Colonel North advised that he was concerned that the U.S. Customs Service (USCS) investigation of Southern Air Transport was going to inadvertently disclose the ongoing negotiations situation with Iran. He emphasized the negotiations were at a critical stage and lives were at stake. North stated that the records subpoenaed by the USCS could reveal the involvement of Southern Air Transport in carrying out the presidentially approved covert mission to Iran. North stated that he was prepared to contact the USCS and ask them to hold their investigation on a temporary basis. EAD Revell advised Lieutenant Colonel North that he should not contact the USCS since this was a criminal justice matter but that he should contact AAG Trott who was aware of the hostage situation and would be in a better position to evaluate the appropriate course of action. Lieutenant Colonel North agreed this would be the appropriate course of action. Thereafter, EAD Revell confirmed with AAG Trott that Lieutenant Colonel North had, in fact, contacted him regarding this matter.

On November 20, 1986, AAG Trott advised EAD Revell that the FBI should resume their preliminary inquiry in this matter and complete this inquiry.

On November 21, 1986, the CPSIU prepared a communication, after a detailed review of the case, setting forth specific leads per instructions received in the past from DOJ. This communication was revised to assure prioritization of leads and after obtaining necessary approvals, was transmitted to the field on November 26, 1986.

On November 26, 1986, this teletype was received by the appropriate field offices with instructions to complete investigation.

On December 5, 1986, this matter was turned over to the "Front Door" Special and the White Collar Crime Section.

EXHIBIT EM-13

Congreſs of the United States
House of Repreſentatives
Waſhington, DC 20515

0008331

October 17, 1986

EXHIBIT
EM-13

The Honorable Edwin Meese III
Attorney General
U.S. Department of Justice
Washington, D.C. 20530

Dear Mr. Attorney General:

Pursuant to the Ethics in Government Act, 28 U.S.C. Sec, 591-598, the undersigned representing a majority of the Democratic members of the House Committee on the Judiciary write to request that the Department of Justice appoint an independent counsel to investigate ongoing involvement on the part of United States officials, including George Bush, William Casey, Casper W. Weinberger, Donald Gregg, Lt. Col. Oliver L. North, Rear Adm. John M. Poindexter, Lt. Gen. Leonard H. Perroots, Vincent M. Cannistraro, and others, with the Nicaraguan rebels, commonly known as the contras, that may be in violation of U.S. law.

As you are aware, these possible violations were brought to light last week when a plane with Americans and possibly munitions on board was shot down inside Nicaragua. The lone survivor claims to have been working for the Central Intelligence Agency and news reports have repeatedly linked the other Americans on board and those for whom they reportedly work with the C.I.A. Administration officials including the Vice President's national security advisor have acknowledged ties to individuals involved in the aborted operation. The Ilopango air base in El Salvador, from where the flight is alleged to have originated, is reportedly financed, travelled, and constantly monitored by U.S. intelligence officials. A staff report by Senator John Kerry this week has chronicled allegations of violations of law by Administration officials and American merceneraries involved with the contras in possible violation of law have received the open encouragement of the Administration.

As you are aware, official involvement with the contras beyond "intelligence sharing" is strictly prohibited by the 1986 fiscal year Intelligence Authorization Act (PL-99-105). Involvement in unauthorized arms export would violate statutes prohibiting their licensed shipment. Administration involvement in private citizen violations of the law, including the Neutrality Act (18 U.S.C. Sec. 960), would also seem to violate criminal law. Also, the U.S. District Court for the District of Northern California held in 1984 that the President is bound by the Neutrality Act which he may be violating.

letter to the Attorney General
Oct. 17, 1986
page 2

You have, in the past, stated your intention to vigorously uphold the letter of the law. The credibility of the Administration in this instance depends on its candor and adherence to the law. That is why an independent counsel is needed.

Sincerely,

John Conyers Jr.
John Conyers, Jr.

Don Edwards
Don Edwards

Bruce A Morrison
Bruce A. Morrison

George W. Crockett, Jr.

Barney Frank
Barney Frank

Bob Kastenmeier
Robert W. Kastenmeier

John Seiberling
John F. Seiberling

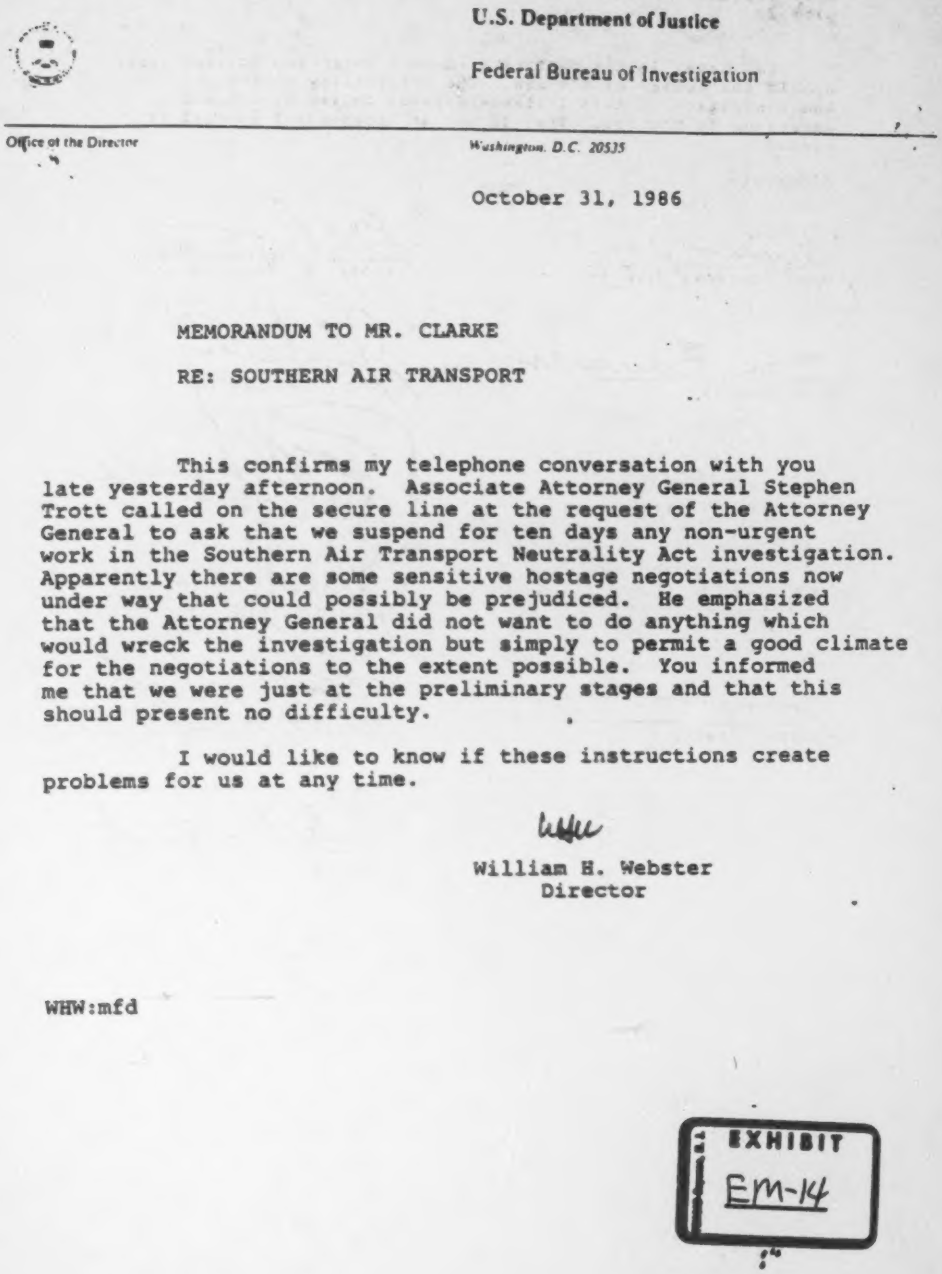
Pat Schroeder
Patricia Schroeder

Howard Berman
Howard Berman

Edward F. Feighan
Edward F. Feighan

Harley O. Staggers Jr.
Harley O. Staggers, Jr.

EXHIBIT EM-14



U.S. Department of Justice

Federal Bureau of Investigation

Office of the Director

Washington, D.C. 20535

October 31, 1986

MEMORANDUM TO MR. CLARKE

RE: SOUTHERN AIR TRANSPORT

This confirms my telephone conversation with you late yesterday afternoon. Associate Attorney General Stephen Trott called on the secure line at the request of the Attorney General to ask that we suspend for ten days any non-urgent work in the Southern Air Transport Neutrality Act investigation. Apparently there are some sensitive hostage negotiations now under way that could possibly be prejudiced. He emphasized that the Attorney General did not want to do anything which would wreck the investigation but simply to permit a good climate for the negotiations to the extent possible. You informed me that we were just at the preliminary stages and that this should present no difficulty.

I would like to know if these instructions create problems for us at any time.

William H. Webster
Director

WHW:mfd

EXHIBIT
EM-14

EXHIBIT EM-15

Memorandum

EXHIBIT
EM-15

Subject	Date
Independent Counsel Request by Members of the House Committee on Judiciary: Aid to Nicaraguan Rebels	NOV 14 1986 WFW:JCK:GEMcD:RDM:ama

To	From WFW
The Attorney Gerneral	William F. Weld Assistant Attorney General Criminal Division

On October 17, 1986, eleven Democratic members of the House Committee on the Judiciary requested you to "appoint an independent counsel to investigate ongoing involvement on the part of United States officials, including George Bush, William Casey, Casper W. Weinberger, Donald Gregg, Lt. Col. Oliver L. North, Rear Adm. John M. Poindexter, Lt. Gen. Leonard H. Perroots, Vincent M. Cannistraro, and others, with the Nicaraguan rebels, commonly known as the contras, that may be in violation of U.S. law." In support of the request, the letter referred to news reports of the capture of Eugene Hasenfus in Nicaragua and of alleged CIA ties of those involved. In addition, the letter referred to a report prepared by Senator Kerry's staff concerning "allegations of violations of law by Administration officials and American mercenaries involved with the contras in possible violations of law."

The Congressmen's letter alleges that the actions reported in the media and in Senator Kerry's staff report may violate: 1) the prohibition in the Intelligence Authorization Act for fiscal 1986 concerning aid to the contras; 2) the Neutrality Acts; and 3) the statutes prohibiting unlicensed arms exports. We have reviewed two reports by Senator Kerry's staff, which further charge that pro-contra groups may be involved in narcotics trafficking and in violations of the Foreign Agents Registration Act. (In addition, you should be aware that there have been allegations in the media that the Justice Department generally has ignored pro-contra criminal activity and that you and former Deputy Attorney General Jensen specifically instructed United States Attorney Leon Kellner in Miami to slow down or kill an investigation into alleged pro-contra gunrunning. Our inquiry has shown these last allegations to be totally baseless.)

When an appropriate independent counsel request is made, the Attorney General is obliged to decide whether, considering the specificity of the information he has received and the credibility of the sources of that information, there are grounds to investigate criminal conduct by a high level official covered by the independent counsel provisions of the Ethics in Government Act, 28 U.S.C. §591-598. (Of the names mentioned in the letter of October 17, only the Vice President, Director Casey, Secretary Weinberger, and Adm. Poindexter appear to be covered.) On receipt of the letter, the Criminal Division began a review of the information available from the Congressmen, from the media, and from investigative files in order to determine whether information existed that might trigger the need to conduct a "preliminary investigation" into the conduct of any persons covered by the statute. So far, the material we have reviewed has not disclosed any credible, specific information concerning any violation of law by such a person. Nevertheless, more remains to be done before we can state that we have made a thorough review of the information in the possession of the Department, the FBI, the Customs Bureau, and others that might be fairly described as having been received by or freely available to the Attorney General. [redacted]

The independent counsel provisions require the Attorney General to provide written notification to the Judiciary Committee of "any action" taken in the matter. The report must be made within thirty days of the receipt of the request or within fifteen days of the completion of a "preliminary investigation," whichever comes later. In this case, thirty days will have elapsed from receipt of the Congressmen's letter on November 16, and we have not yet had an opportunity to review all the relevant information, including new information promised to us by the Congressmen who made the request, in order to recommend whether a "preliminary investigation" will be necessary. Accordingly, we have prepared an interim response for the signature of Assistant Attorney General Bolton that reports on the status of actions taken to date and promises to report any final decision made in the matter. This is similar to the interim response made in the request for an independent counsel in the EPA matter, and will satisfy your notification requirement under the statutes.

You should note that the Act specifically provides that this notification "should not be revealed to any third party" except by the Committee.

EXHIBIT EM-16

EXHIBIT
EM-16

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U.S. Department of Justice
Office of the Attorney General

21 July 1986

Mr. Meese:

Welcome Back!

Attached Op-Ed piece by Evans and Novak appeared in today's Washington Post.

As you know, Ollie North has been a soldier for several Administration policy initiatives, perhaps vunerable to criticism for getting too much out in front on certain issues, particularly those dealing with Central America, but following through on Administration directions nonetheless. Granted, the USMC is not terribly thrilled with Ollie -- primarily because he has opted to stay at the NSC for so long expressly against USMC wishes and because he has taken several positions openly counter to DoD and the USMC.

What is troublesome about the piece, however, is the trend line it reflects. While personalities and issues are intertwined, it is personalities which are subsuming the issues at NSC often times, i.e. personalities and the NSC's organization/power plays are too often becoming the issues, rather than the issues themselves -- and the debates and arguments within the Administration and White House are becoming increasingly public vis-a-vis the NSC.

Provided FYI.

AG: FYI

- JR

Ann Rondeau

Declassified/Released on 15 JULY 1987
under provisions of E.O. 12356
by B. Reger, National Security Council

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(3031)

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Rowland Evans and Robert Novak

The Case of Oliver North

The case of Ollie North pinpoints the transformation of the National Security Council staff under Adm. John Poindexter from arbiter of interagency struggles and control point for operations to a bland paper machine that makes President Reagan victim rather than master of the bureaucracy.

Marine Lt. Col. Oliver North has been Reagan's star player in the long, hard struggle to keep alive the Nicaraguan contras while the House tried to smother them. Poindexter, described by critics as "uneasy" with North's growing fame on a staff, wants him back in the Marines. The pretext: to fend off a politically drenched House probe of North as Reagan's handler of the contra account.

Although serious enough by itself, the imminent loss of North is important as a symbol of the institutional degradation of the once-mighty NSC staff. It is inconceivable that a Henry Kissinger or a Zbigniew Brzezinski would fire the one member of the NSC staff who could keep it—and hence the president—in tight control of the unfolding contra drama.

Shedding the once-formidable power of the NSC staff over the feuding bureaucracies of State, Defense and the Central Intelligence Agency is what Poindexter apparently feels is expected of him. Critics inside the administration feel that comports with White House Chief of Staff Donald T. Regan's wish to be surrounded by gray and faceless officials who cannot threaten his own supremacy or gain power enough to play to the press.

That may make Poindexter the man for him. But an NSC staff infused with passivity invites feuding bureaucracies to settle matters by elbowing their way, individually, into the Oval Office. There they can argue their parochial policy preferences in the absence of an NSC synthesis. As one State Department official told us, "The system works just fine for [Secretary of State] George Shultz, because the president becomes the victim of the one who sees him most, and that's our George."

Pentagon officials were surprised when stories appeared in the press praising Soviet ruler Mikhail Gorbachev's arms control letter just after it arrived in the Oval Office. These officials knew there had been no NSC-directed interagency discussions of the arms control proposals and no adversarial proceeding. Yet here was the president pumping out the line that Gorbachev's letter contained new and serious ideas.

Shultz's verdict that the new Soviet arms control ideas were meritorious was not shared by leaders of the Arms Control and Disarmament Agency, the Defense Department or the CIA. Yet it has become the basis for heavy pressures on Reagan to accept the Soviet demand for a moratorium on withdrawing from the Anti-Ballistic Missile Treaty. In the absence of a well-formulated administration policy, the president is being urged to write Gorbachev a letter offering a multiyear ABM extension that would suffocate the Strategic Defense Initiative.

NSC protection for the president in the case of the contras has come from the staffer earmarked for oblivion, Ollie North. Although nothing is yet chiseled in granite, he is supposed to be replaced by Vince Cannistrero, a CIA Central America specialist who has been on the NSC staff for two years. The switch would likely send North back to the Marine Corps, though he might stay at the NSC with his original counterterrorism assignment.

The House investigators have sent a letter to the president asking for all contra documents and papers involving North. Both Regan and the White House legal staff have tentatively decided to invoke executive privilege and withhold the few such papers that exist.

Poindexter is described by friends as wanting to step back from any confrontation, which he says privately might hurt the president. Stepping back means getting rid of North.

That is what the CIA wants. With its man Cannistrero handling the Central America account in the White House and the agency running the operation in Nicaragua, CIA hegemony over the delicate contra maneuvers ahead would be solid. Such domination is opposed by both the Pentagon and State.

Considering Ronald Reagan's stake in the fate of the contras, why would Poindexter shift power from his own staff in the person of Ollie North to the CIA?

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WASHINGTON POST

21 July 1986

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EXHIBIT EM-19

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N 10378

Cap, Shultz, Regan, Pres, VP, Poindexter, Keel, Casey

Pres: - need start (all of us)
- ① no bargaining w/ terrorist
(no ransom for terrorists
② Also, international Foreign Interest
(hope for moderate gov't)
-- what happens after the Ayatollah
(we can't talk about)

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JMP: - Main consideration long term strategic relationship
① support moderates
② stop terrorism –
③ release hostages

Jan 17, 1986

- Read finding, (not all of you have seen
- Initially ~~[illegible]~~ used Israeli channel
-- found wanting – [redacted]
Cobj. [redacted]
also, said want moderate Iran,
also need want to keep war going
(keeps off their back)
- May 1986 (Bud's trip to Tehran

Partially Declassified/Released on 20 July 1987
under provisions of E.O. 12356
by B. Reger, National Security Council

2268

Iran: -- Channel's initially [redacted]
-- now Rafsanjani
-- "cannot lose prestige"

AK-1
1/2/87

EXHIBIT
EM-19

Hostages: - Lebanon
- [redacted]

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- Bud went May 1986 (only trip) N. 1037
  - -- ~~[illegible]~~ sold 1000 TOWs
  - -- sold = 290 types of Hawk pa
- ① 1st 500 TOW's went w/o permission.
  - -- we found out, eventually re-imburse Israel

Ed: - We didn't sell (Israel sold)
- was multi-phased transaction

JMP: - Important to note:
- -- defensive arms
- -- small amount
- -- my opinion, was a show of good

: Results:
- -- after Weir, Jenko, Jacobsen, South has no more hostages [illegible]
- -- solid contact w/ the [illegible]
- -- convinced of Soviet that Communist can't win (War)
- -- ~~ex~~ accept resolution
- -- emphasized anti terrorism
- -- gotten three hostages back

: Sit'n today:

UNCLASSIFIED -- three factions

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-- Convinced interested in ending war

[redacted]

-- Third group is radical: [illegible]

[redacted] ([redacted] who is

player, but associate in [redacted]

[redacted]: primary contact w/ [redacted]

: contact w/ group that took

three most recent [illegible]

-- Rafsanjani annoyed: concerned w/ [illegible]

[illegible]

-- [redacted] published pamphlet

[illegible] in pro-Syrian magazine

-- Rafsanjani forced to speak-out:

-- purposely told inaccuracies

-- Ref: plans to end war

: wants strategic relationship

-- 200 ~~[illegible]~~ aboard

(OLN just back; however, sees when

w/ Casey group, says might get two

more hostages [illegible] by week-end)

JMP: Relationships

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[redacted]

Blaney: CPPG – long term strategy
(want to get agreement & ca

Casey: contacted [illegible] [illegible]
-- all on, except Byrd

CAP: - called Nunn today
- not helpful : JCS [illegible] [illegible]
: this ilk

~~CAP~~:
Shultz: - how did ~~[illegible]~~ [illegible] 500 come a
- who arranged?
JMP: - Casey's guy, my guy – Ock
CAP: I thought we'd agreed in case –
first 500, unless got all capt
JMP: just [illegible] [illegible] Pres, he agreed to go ahead.

...[illegible]

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N 10382

Regan: -- who's holding?
JMP/Casey: - Lebanon
Meese: important not Iran, as not deal w/ terrorists, looking for long term
Shultz: - careful ~~[illegible]~~ how we say
- ~~[illegible]~~ remember Bud's elaborate scheme: hostages to go free, if then, then (from my [illegible] of info)
- seldom is reasoned
Meese: had name as Dani [illegible] / Zahorow
-- obviously relative & not trust
Pres: -- we were ~~[illegible]~~ getting influence of Iran and [illegible]

Shultz: -- not sure what diff
-- our good point / position; e.g., w/ acts in Israel rel w/ Iran
-- can't go higher than what JMP sa
-- have to be careful how say; we'll say something that's technically correct but not exactly representative of what we've done
CAP: - Concern re how much we'd trust Rafsanjani
- how much, we give our [illegible] for [illegible] [illegible] [illegible] Rafsanjani [illegible] w/ us.

UNCLASSIFIED ⑤ ~~TOP SECRET~~

N 10383

Casey: - Need stick w/ our objective
- has been strategic obj to improve prospect for moderate gov't
- Proposed statement:

~~Cap~~ ① Anticipate question
② Cong. hearings

Pres: - rumors / rumors has endangered what we're doing
- endangered our citizens
- on evacuation, - bad man and in I[illegible] -
- not trying to deal with ransom
- purpose of gov't - to get on [illegible] support
- can't do Q&A (because of danger)
- ~~[illegible]~~ one stage) lower
-

Shultz: - agree w/ purpose of gov't to protect citizens; but whole purpose is to protect by discouraging tension
: ① concern that juxtaposition does appear good weapon for hostages
② concern signed agreement (

75-936 0061

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~~TOP SECRET~~
N 1038

Today and feel that Iranian [illegible]
in so they could get what they want
(money [illegible]

⑦ The [redacted] they [illegible] · particularly
that Iran was strategic prize (

Good statement, but must be careful.

CAP: ① emphasize that relationship is important (people at risk)
JMP: ① if we go w/ this, and ~~of~~ our relationship
press – we don't talk TOW's, don't talk specifics
– [illegible] of nature, no Q&A's —

Regan: ① will need to say something to thinking people (not press)

Pres: ① Basic thread has to come out
.. not paying ransom
(not negotiating)
(not dealing w/ kidnappers/terrorism
.. with rational policy
(avoid specifics, [illegible]
consistent w/ our policy
[illegible] exposure to speculation

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~~TOP SECRET~~
N 10385

JMP: more about what they not doing [redacted]
— * what ~~[illegible]~~ are doing

CAP - hear - [redacted]
repudiation [redacted]

Meese: - get away from [illegible] [redacted]
exposed; [redacted]

UP: ① What about Iran [redacted]

Pres: ① told pr. dem. cong leadership;
.. tell them we will take a chance
: ② Aimed at people

Regan: ① Who will issue Q&A's

Meese/Pres./Casey: ① no Q&A's

Shultz: - what about anti-terrorist group (state of total demoralization)
Pres: say no; to dickering w/ terrorists

Shultz: - do we trade any more arms for hostages

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UNCLASSIFIED ~~TOP SECRET~~

N 10386

Pres. - apparent people [illegible] you support [illegible]

- [illegible]

- [illegible]

Mess: [illegible]

Strauss [illegible]

Pres: [illegible]

SMP: "[illegible] of project" [illegible] controls

Ness: - put in Strauss [illegible]

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EXHIBIT EM-20

Memorandum

Subject

Investigation of Southern Air Transport

Date

November 12, 1986
JLM:TEM:cmc

To

William F. Weld
Assistant Attorney General
Criminal Division

From

John L. Martin, Chief
Internal Security Section
Criminal Division

Attached hereto is a copy of a memorandum, dated October 31, 1986, from Judge Webster to Assistant Director Floyd Clarke of the Bureau's Criminal Investigative Division. Briefly, Judge Webster's memorandum advises that in accordance with a request from Associate Attorney General Steve Trott, the Bureau was to suspend its ongoing investigation of the captioned matter for a period of 10 days, because of possible prejudice to "some sensitive hostage negotiations."

As you know, this matter involves Eugene Hasenfus, the crew member of the C123 aircraft shot down over Nicaragua on October 7, 1986. The Bureau is anxious to resume its investigation, but, even though the 10-day period requested by Steve Trott has expired, it is unwilling to do so without the Department's approval.

Unless you advise to the contrary, I intend to advise the Bureau that it is free to resume its investigation without further delay.

Attachment

EXHIBIT
EM-20

EXHIBIT EM-21

NAT'L SCTY BRIEFING OF CONGRESSIONAL LEADERS – 12 Nov 86

2pm [Sit Rm]

RR

no laws broken

no ransom for hostages

no officials or agencies bypassed

RR	Byrd
VP	Dole
GPS	Wright
Cw	Cheney
EM	Thompson
WJC	Speakes
DTR	Ball
JMP	Keel

JMP

Objectives
- Contact moderate elements
- Stop Iranian spt of terrorism
- obtain hostages

EXHIBIT
EM-21

Finding pursuant to § 662 For ~~Aid~~ Asst Act of ~~[illegible]~~ 1961 as amended

~~[illegible]~~ Channel 1 Dep to PM
Channel 2 Sr official

Terry Waite Efforts thwarted by demand for Kuwait prisoners

Actions: ① McF to Tehran May 86
REF: Talking Points
US believes - USSR would intervene to prevent Iraqi defeat.
2 obstacles to US - Iran cooperation { Spt for terrorism; Hostages must be ret'd

② Trf'd to Iran (w/ help of Israel) { !!! 1000 TOW's; 240 types of Hawk missile parts

③ Intel provided to Iran (to show futility of [illegible] w/ Iraq)

2

④ mtg's held in Europe + elsewhere

Results : (1) Cessation of terrorism and hostage - taking by Iran-sp'd forces v. US interests in Lebanon
For 1 yr no such activity.

said Iranians
accept Iranian
revolution.

(2) Solid contact (thru Ch 2) w/ senior member of Iranian Govt.

(3) Convinced Iranians of Soviet threat

(4) Ayatolla issued "fat-wa" v. terrorism

(5) Obtained 3 hostages back { Weir / Jenco / Jacobson

20 mtg's conducted
acts involved
staff + CIA rep's

(6) 100 TOW's trf'd to Mujadeen in Afghanistan

(7) Irans have agreed to give us T-72 tank.

3 factions w/in Iran :

[NOTE:
none have Ctl
over captors of hostages
in Lebanon
but there is
religious influence]

① Conservative { Opposed to war ; interested in relationship w/ US
Incl Veliotti (For min)

② Middle-of-Road (Rafsanjani)
Probably includes Revolutionary Guard

③ Radicals (Prime Min Musavi / Hashimi)
Support war, terrorism + spread of revolution to remainder of Middle East

⟨ Montaseri = heir apparent to Khomeni ⟩

Group that captured 3 recent hostages are linked to Hashimi

Rafsanjani 2 hr speech

Israelis have several objectives :

(1) Freedom of Iranian Jews

(2) Not let either Iran or Iraq win war

3

Assured moderate Arabs of no change in our Posit re war }
- End in honorable way
- negotiated settlement
- Protect territorial integrity of all parties

RR

Jacobsen indicates one of group probably died of illness

Our action has enhanced our contacts' status w/ military and has not altered military balance betw parties

Sale of wpns (not given away)

JMP

Israelis may be continuing to ship arms to Iran (w/o our authorization) as they did before our contacts began.

Wpns = defensive: Anti tank & antiaircraft

CIA involved in all mtgs w/ contacts

Jacobsen: Hostages moved 3 times during his captivity
Contacts w/ Iranians began in 1985 (about 1 yr before finding)

→ Get copy of JMP Book on Nat'l Scty Act of 1947 as amended

GPS

Attended 2 mtgs where basic plan discussed.
Other details on "need-to-Know" basis only
(e.g., Amb notified to receive hostages when thought they were coming out)

CWW

Attended same 2 mtgs
Concentrated on forcible release of hostages

Cheney

House Intel Comm has scheduled hearings for 21 Nov '86

EXHIBIT EM-22

11/17/86

11/13/86

Weekly Compilation of

Presidential Documents

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CONGRESSIONAL RESEARCH SERVICE

Monday, November 17, 1986
Volume 22—Number 46
Pages 1549-1572

EXHIBIT
EM-22

er united and committed to this cause, I think we represent a powerful force for humanity. And when that happens, there'll be no sanctuary on Earth for those who were pilfering human dignity and pandering despair.

So, I'm counting on all of you, and I'm looking forward to hearing your views now. Maybe you've heard enough from all of us at this side.

Note: The President spoke at 1:35 p.m. in the Cabinet Room at the White House.

U.S. Ambassadors to 21 countries attended the 2-day conference, which was held at the White House.

Iran-United States Relations

Address to the Nation. November 13, 1986

Good evening.

I know you've been reading, seeing, and hearing a lot of stories the past several days attributed to Danish sailors, unnamed observers at Italian ports and Spanish harbors, and especially unnamed government officials of my administration. Well, now you're going to hear the facts from a White House source, and you know my name.

I wanted this time to talk with you about an extremely sensitive and profoundly important matter of foreign policy. For 18 months now we have had underway a secret diplomatic initiative to Iran. That initiative was undertaken for the simplest and best of reasons: to renew a relationship with the nation of Iran, to bring an honorable end to the bloody 6-year war between Iran and Iraq, to eliminate state-sponsored terrorism and subversion, and to effect the safe return of all hostages. Without Iran's cooperation, we cannot bring an end to the Persian Gulf war; without Iran's concurrence, there can be no enduring peace in the Middle East.

For 10 days now, the American and world press have been full of reports and rumors about this initiative and these objectives. Now, my fellow Americans, there's an old saying that nothing spreads so quickly as a rumor. So, I thought it was time to speak with you directly, to tell you firsthand about our dealings with Iran. As Will Rogers once said, "Rumor travels faster, but it don't stay put as long as truth." So, let's get to the facts.

The charge has been made that the United States has shipped weapons to Iran as ransom payment for the release of American hostages in Lebanon, that the United States undercut its allies and secretly violated American policy against trafficking with terrorists. Those charges are utterly false. The United States has not made concessions to those who hold our people captive in Lebanon. And we will not. The United States has not swapped boatloads or planeloads of American weapons for the return of American hostages. And we will not.

Other reports have surfaced alleging U.S. involvement: reports of a sealift to Iran using Danish ships to carry American arms; of vessels in Spanish ports being employed in secret U.S. arms shipments; of Italian ports being used; of the U.S. sending spare parts and weapons for combat aircraft. All these reports are quite exciting, but as far as we're concerned, not one of them is true.

During the course of our secret discussions, I authorized the transfer of small amounts of defensive weapons and spare parts for defensive systems to Iran. My purpose was to convince Tehran that our negotiators were acting with my authority, to send a signal that the United States was prepared to replace the animosity between us with a new relationship. These modest deliveries, taken together, could easily fit into a single cargo plane. They could not, taken together, affect the outcome of the 6-year war between Iran and Iraq nor could they affect in any way the military balance between the two countries.

Those with whom we were in contact took considerable risks and needed a signal of our serious intent if they were to carry on and broaden the dialog. At the same time we undertook this initiative, we made clear that Iran must oppose all forms of international terrorism as a condition of progress in our relationship. The most significant step which Iran could take, we indicated, would be to use its influence in Lebanon to secure the release of all hostages held there.

Some progress has already been made. Since U.S. Government contact began with Iran, there's been no evidence of Iranian Government complicity in acts of terrorism against the United States. Hostages have come home, and we welcome the efforts that the Government of Iran has taken in the past and is currently undertaking.

But why, you might ask, is any relationship with Iran important to the United States?

Iran encompasses some of the most critical geography in the world. It lies between the Soviet Union and access to the warm waters of the Indian Ocean. Geography explains why the Soviet Union has sent an army into Afghanistan to dominate that country and, if they could, Iran and Pakistan. Iran's geography gives it a critical position from which adversaries could interfere with oil flows from the Arab States that border the Persian Gulf. Apart from geography, Iran's oil deposits are important to the long-term health of the world economy.

For these reasons, it is in our national interest to watch for changes within Iran that might offer hope for an improved relationship. Until last year there was little to justify that hope.

Indeed, we have bitter and enduring disagreements that persist today. At the heart of our quarrel has been Iran's past sponsorship of international terrorism. Iranian policy has been devoted to expelling all Western influence from the Middle East. We cannot abide that because our interests in the Middle East are vital. At the same time, we seek no territory or special position in Iran. The Iranian revolution is a fact of history, but between American and Iranian basic national interests there need be no permanent conflict.

Since 1983 various countries have made overtures to stimulate direct contact between the United States and Iran; European, Near East, and Far East countries have attempted to serve as intermediaries. Despite a U.S. willingness to proceed, none of these overtures bore fruit. With this history in mind, we were receptive last year when we were alerted to the possibility of establishing a direct dialog with Iranian officials.

Now, let me repeat: America's longstanding goals in the region have been to help preserve Iran's independence from Soviet domination; to bring an honorable end to the bloody Iran-Iraq war; to halt the export of subversion and terrorism in the region. A major impediment to those goals has been an absence of dialog, a cutoff in communication between us. It's because of Iran's strategic importance and its influence in the Islamic world that we chose to probe for a better relationship between our countries.

Our discussions continued into the spring of this year. Based upon the progress we felt we had made, we sought to raise the diplomatic level of contacts. A meeting was arranged in Tehran. I then asked my former national security adviser, Robert McFarlane, to undertake a secret mission and gave him explicit instructions. I asked him to go to Iran to open a dialog, making stark and clear our basic objectives and disagreements. The 4 days of talks were conducted in a civil fashion, and American personnel were not mistreated. Since then, the dialog has continued and step-by-step progress continues to be made.

Let me repeat: Our interests are clearly served by opening a dialog with Iran and thereby helping to end the Iran-Iraq war. That war has dragged on for more than 6 years, with no prospect of a negotiated settlement. The slaughter on both sides has been enormous, and the adverse economic and political consequences for that vital region of the world have been growing. We sought to establish communication with both sides in that senseless struggle, so that we could assist in bringing about a ceasefire and, eventually, a settlement. We have sought to be evenhanded by working with both sides and with other interested nations to prevent a widening of the war.

This sensitive undertaking has entailed great risk for those involved. There is no question but that we could never have begun or continued this dialog had the initiative been disclosed earlier. Due to the publicity of the past week, the entire initiative is very much at risk today.

There is ample precedent in our history for this kind of secret diplomacy. In 1971 then-President Nixon sent his national security adviser on a secret mission to China. In that case, as today, there was a basic requirement for discretion and for a sensitivity to the situation in the nation we were attempting to engage.

Since the welcome return of former hostage David Jacobsen, there has been unprecedented speculation and countless reports that have not only been wrong but have been potentially dangerous to the hostages and destructive of the opportunity before us. The efforts of courageous people like Terry Waite have been jeopardized. So extensive have been the false rumors and erroneous reports that the risks of remaining silent now exceed the risks of speaking out. And that's why I decided to address you tonight.

It's been widely reported, for example, that the Congress, as well as top executive branch officials, were circumvented. Although the efforts we undertook were highly sensitive and involvement of government officials was limited to those with a strict need to know, all appropriate Cabinet officers were fully consulted. The actions I authorized were, and continue to be, in full compliance with Federal law. And the relevant committees of Congress are being, and will be, fully informed.

Another charge is that we have tilted toward Iran in the Gulf war. This, too, is unfounded. We have consistently condemned the violence on both sides. We have consistently sought a negotiated settlement that preserves the territorial integrity of both nations. The overtures we've made to the Government of Iran have not been a shift to supporting one side over the other, rather, it has been a diplomatic initiative to gain some degree of access and influence within Iran—as well as Iraq—and to bring about an honorable end to that bloody conflict. It is in the interests of all parties in the Gulf region to end that war as soon as possible.

To summarize: Our government has a firm policy not to capitulate to terrorist demands. That no concessions policy remains in force, in spite of the wildly speculative and false stories about arms for hostages and alleged ransom payments. We did not—repeat—did not trade weapons or anything else for hostages nor will we. Those who think that we have gone soft on terrorism should take up the question with Colonel Qadhafi.

We have not, nor will we capitulate to terrorists. We will, however, get on with advancing the vital interests of our great nation—in spite of terrorists and radicals who seek to sabotage our efforts and immobilize the United States. Our goals have been, and remain, to restore a relationship with Iran; to bring an honorable end to the war in the Gulf; to bring a halt to state-supported terror in the Middle East; and finally, to effect the safe return of all hostages from Lebanon.

As President, I've always operated on the belief that, given the facts, the American people will make the right decision. I believe that to be true now. I cannot guarantee the outcome. But as in the past, I ask for your support because I believe you share the hope for peace in the Middle East, for freedom for all hostages, and for a world free of terrorism. Certainly there are risks in this pursuit, but there are greater risks if we do not persevere.

It will take patience and understanding; it will take continued resistance to those who commit terrorist acts; and it will take cooperation with all who seek to rid the world of this scourge.

Thank you, and God bless you.

Note: The President spoke at 8:01 p.m. from the Oval Office at the White House. The address was broadcast live on nationwide radio and television.

National Philanthropy Day, 1986

Remarks at a White House Briefing for Philanthropists. November 14, 1986

Thank you very much. I have just read a clipping this morning from the United Press that shows how the private sector is spreading and things of this kind in philanthropy; that the First Lady of the Soviet Union has been named to the board of directors of a private, and privately financed, group in the Soviet Union. But I appreciate this opportunity to be with you today in recognition of one of America's greatest national

EXHIBIT EM-23

U.S. Department of Justice

Office of Legal Counsel

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Office of the
Assistant Attorney General

Washington, D.C. 20530

EXHIBIT
EM-23

MEMORANDUM FOR THE ATTORNEY GENERAL

Re: Statutes Relevant to Recent Actions with respect to Iran

The statutes most directly bearing on the legality of the recent missions to and transactions with Iran are the following: the Hughes-Ryan Amendment, the congressional reporting provisions of the National Security Act, and the Arms Export Control Act. Based on our understanding of the facts, we believe that the recent actions with respect to Iran, including the transfer of arms to Iran by the CIA, do not violate the Hughes-Ryan Amendment or the National Security Act. Moreover, under the the executive branch's prior interpretation of the Arms Export Control Act, this Act is inapplicable to the arms transfers to Iran. (S)

Hughes-Ryan Amendment. The Hughes-Ryan Amendment to the legislation authorizing the operations of the Central Intelligence Agency was passed in 1974 in response to revelations of covert CIA operations. The Amendment, as amended in 1980, provides (22 U.S.C. 2422):

> No funds appropriated under the authority of this chapter or any other Act may be expended on behalf of the Central Intelligence Agency for operations in foreign countries other than activities intended solely for obtaining necessary intelligence, unless and until the President finds that each such operation is important to the national security of the United States. Each such operation shall be considered a significant intelligence activity for the purpose of section 413 of title 50.

Because the President made the appropriate finding, the Hughes-Ryan Amendment does not prohibit the use of CIA funds for the transfer of arms to Iran. (S)

Congressional Oversight Provisions of the National Security Act. In 1980 the National Security Act of 1947 was amended to provide for congressional oversight of "significant anticipated intelligence activities." This section now provides (section 501 of the National Security Act, 50 U.S.C. 413(a)) (emphasis added):

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> To the extent consistent with all applicable authorities and duties, including those conferred by the Constitution upon the executive and legislative branches of the Government, and to the extent consistent with due regard for the protection from unauthorized disclosure of classified information and information relating to intelligence sources and methods, the Director of Central Intelligence and the heads of all departments, agencies, and other entities of the United States involved in intelligence activities shall --
>
> (1) keep the Select Committee on Intelligence of the Senate and the Permanent Select Committee on Intelligence of the House of Representatives . . . fully and currently informed of all intelligence activities which are the responsibility of, are engaged in by, or are carried out for or on behalf of, any department, agency, or entity of the United States, including any significant anticipated intelligence activity, except that (A) the foregoing provision shall not require approval of the intelligence committees as a condition precedent to the initiation of any such anticipated intelligence activity, and (B) if the President determines it is essential to limit prior notice to meet extraordinary circumstances affecting vital interests of the United States, such notice shall be limited to the chairman and ranking minority members of the intelligence committees, and the majority and minority leaders of the Senate . . . .

Section 501(b) of the National Security Act applies to those situations in which the President fails to give prior notice under section 501(a) :

> The President shall fully inform the intelligence committees in a timely fashion of intelligence operations in foreign countries, other than activities intended solely for obtaining necessary intelligence, for which prior notice was not given under subsection (a) of this section and shall provide a statement of the reasons for not giving prior notice.

Section 501 of the National Security Act does not contemplate that prior notice of "intelligence activities" will be given in all instances. Subsection (b) of section 413 makes specific provision for situations in which "prior notice was not given under subsection (a)." Because subsection (a) includes situations in which the President provides notice to the full intelligence committees under subsection (a)(1)(A) and situations in which he provides prior notice restricted to designated members of Congress, including the chairmen and ranking members of the House and Senate intelligence committees under subsection (a)(1)(B), it seems clear that subsection (b) contemplates situations in which no prior notice has been given under either of these provisions. This interpretation is confirmed by a colloquy between Senators Javits and Huddleston, who were on the committee that drafted this provision. Senator Javits asked: "If information has been withheld from *both the select committee and the leadership group (as section 501(b) envisages)*, can it be withheld on any grounds other than 'independent constitutional authority' and, if so, on what grounds?" Senator Huddleston answered: "*Section 501(b) recognizes that the President may assert constitutional authority to withhold prior notice of covert operations*, but would not be able to claim identical authority to withhold timely notice under section 501(b). A claim of constitutional authority is the sole grounds that may be asserted for withholding prior notice of a covert operation." 126 Cong. Rec. 17693 (June 28, 1980) (emphasis added).

Moreover, the preamble to the provision makes clear that disclosure is required only when such disclosure is consistent with the President's constitutional duties. Accordingly, the President is not required to make disclosures when he is acting in a situation in which he is employing his inherent foreign affairs powers. As the President made clear in his televised address to the Nation this evening, the primary purpose of the recent actions with respect to Iran was diplomatic. The "intelligence activities" involved in the Iran matters consisted of, *inter alia*, negotiations with a foreign sovereign, of which the arms transfers were an integral part, and attempts to gain information relating to Americans captured abroad. These intelligence matters were inextricably intertwined with and essential to the President's foreign policy goals. We therefore believe that the President was acting at the height of his inherent power in foreign affairs. In *United States* v. *Curtiss-Wright*, 299 U.S. 304 (1936), the Court made clear that the President has plenary power over negotiations with foreign powers:

> In this vast external realm [of foreign affairs] with its important, complicated, delicate and manifold problems, the President alone has the power to speak or listen as a representative of the nation. He makes treaties with the advice and consent of the Senate; but he alone negotiates. Into the field of negotiation the Senate cannot intrude; and Congress itself is powerless to invade it. As Marshall said in his great argument of March 7, 1800, in the House of Representatives, "The President is the sole organ of the nation in its external relations, and its sole representative with foreign nations.

The Court in *Curtiss-Wright* also quoted approvingly George Washington's message to Congress in which he refused to give the

House of Representatives documents relating to negotiations over the Jay Treaty, characterizing the refusal as one "the wisdom of which was recognized by the House itself and has never since been doubted." 299 U.S. at 320.[1] Accordingly, given the strength of the argument that Congress cannot require the President to make disclosures concerning negotiations with foreign governments even after they are completed, the argument that he cannot be forced to make disclosures during the pendency of sensitive negotiations is particularly compelling. (S)

Second, we believe that a good argument can be made that section 501 of the National Security Act does not require disclosure of information in particularly sensitive circumstances, even if the President is not acting in a manner that implicates his inherent constitutional powers in foreign affairs. The preamble to Section 501 qualifies the requirements of the provision not only by reference to constitutional authorities, but also by reference to the need to keep certain national security information secret. President Carter, in his signing statement for the Intelligence Authorization Act of 1981, stated the understanding on the basis of which the bill received executive approval (emphasis added):

> It is noteworthy that in capturing the current practice and relationship, the legislation preserves an important measure of flexibility for the President and the executive branch. It does so not only by recognizing that there are circumstances in which sensitive information may have to be shared only with a limited number of executive branch officials, even though the congressional oversight committees are authorized recipients of classified information. Circumstances of this nature have been rare in the past: I would expect them to be rare in the future.

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[1] As quoted in Curtiss-Wright, 299 U.S. 320-321, President Washington said:

> The nature of foreign negotiations requires caution, and their success must often depend on secrecy: and even when brought to conclusion a full disclosure of all the measures, demands, or eventual concessions which may have been proposed or contemplated would be extremely impolitic; for this might have a pernicious influence on future negotiations, or produce immediate inconveniences, perhaps danger and mischief, in relation to other powers.

President Carter seems to have contemplated that there would be instances in which the President would restrict information even when there was no constitutional basis for doing so. Cutting against this interpretation of section 501, however, is the previously quoted colloquy between Senators Javits and Huddleston in which Senator Huddleston suggests that "[a] claim of constitutional authority is the sole grounds that may be asserted for withholding prior notice of a covert operation." 126 Cong. Rec. 17693 (1980). Because we believe that the President was acting in a manner that implicates his inherent powers, we need not now decide the question of whether the National Security Act permits the President to withhold prior notice on other than a constitutional basis.

<ins>Arms Export Control Act</ins>. The Arms Export Control Act places a number of restrictions on the export of arms executed under its authority, including:

1) Sales must be made only to countries with respect to which the President has found that such sales will strengthen the security of the United States and promote world peace (22 U.S.C. 2753(a)(1));

2) The articles must be sold only for use for legitimate purposes and the recipient country must agree to use the arms only for legitimate (e.g. self-defense) purposes (22 U.S.C. 2753 (a)(2));

3) A report of the proposed sale of major defense equipment valued at $14 million or more must be submitted to Congress (22 U.S.C. 2776(b)).

4) As of August 26, 1986, no arms may be exported to countries that the Secretary of State has certified as supporting terrorism. See Section 509 of the Omnibus Diplomatic Security and Antiterrorism Act of 1986. (The Secretary of State has certified that Iran supports terrorism).

The Department of Justice, however, has previously concurred in the conclusion of the Department of State that the Arms Export Control Act is not the exclusive authority for transferring arms to foreign countries and that arms may be transferred outside the context of that statute. See Letter from William French Smith to William J. Casey (Oct. 5, 1981). In the case considered by Attorney General Smith the government relied on the CIA's authority under Section 102(d) of the National Security Act in transferring arms to a foreign country for the primary purpose of achieving certain intelligence objectives. Section 102(d) provides that it shall be the duty of CIA, under NSC direction, to perform services of common concern for the benefit of existing intelligence agencies and to perform "such other functions and duties relating to intelligence affecting the national security

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as the National Security Council may from time to time direct."[2] We understand that the arms transfer to Iran had an intelligence objective among its objectives. Accordingly, under prior precedent, section 102(d) of the National Security Act furnishes authority for the President's action, and the restrictions of the Arms Export Control Act do not apply. (S)

We therefore believe that the Department of Justice can successfully rebut arguments that the actions with respect to Iran violated either the congressional reporting provisions of the National Security Act or the requirements of the Arms Export Control Act.

Chas. J. Cooper

Charles J. Cooper
Assistant Attorney General
Office of Legal Counsel

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[2] We understand that the President informed members of Congress of this transaction pursuant to the section 501 of the National Security Act.

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THE WHITE HOUSE
WASHINGTON

I. Any other facts ?

II. Problems

"Broke no laws"

"Defensive weapons"

EXHIBIT
EM-24

Declassified/Released on 15 July 1987
under provisions of E.O. 12356
By B. Reger, National Security Council

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EXHIBIT EM-25

14 NOV 1986

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John Poindexter 11 am (approx)

NOTE: JMP having lunch w/ Wash Post Editorial Bd.

I. Southern Air Transport
He will check status

II. Iran Arms Situation

[redacted]

Michael Ledeen 2^{05} pm [Em Ofc]

Mike claims to have worked w/ McFarlane in 1985.

I. Iran: Can still work w/ original Iranian group, w/ which he initiated orig contacts (Ghorbanifar, et al) [Channel 1"]

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EXHIBIT
Em-25

Partially Declassified/Released on 15 JUL 1987
under provisions of E.O. 12356
by B. Reger, National Security Council

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EXHIBIT EM-27

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(Maximum Version)

U.S./IRANIAN CONTACTS AND THE AMERICAN HOSTAGES

From the earliest months following the Islamic revolution in Iran, the U.S. Government has attempted to reestablish official contact with that government in order to discuss strategic developments in that critical part of the world and to try and reestablish a constructive working relationship. Even before President Reagan came to office the U.S. Government agreed to expand security, economic, political, and intelligence relationships at a pace acceptable to Tehran. In the fall of 1979, the U.S. undertook three secret missions to Tehran:

-- September 1979 [redacted]

-- October 1979 [redacted]

-- October-November 1979 [redacted] discussed normalization of relations)

When these meetings and the secret November 1, 1979 meeting in Algiers, between Brzezinski and Prime Minister Bazargan, became public in Iran, they precipitated the takeover of the U.S. Embassy by radical elements and led to the resignation of the Bazargan government. These events have adversely influenced Iran's subsequent willingness to engage in any direct contact with the USG.

Despite mutual difficulties involved in re-establishing normal relations, our strategic interests in the Persian Gulf mandate persistent efforts on our part to try to establish a dialogue. In this regard, it is notable that only a few major countries do not have relations with Iran -- Egypt, Jordan, Morocco, Israel, South Africa, and the United States. Even Iraq continues to have diplomatic relations with Iran.

Iran, the key to a region of vital importance to the West, is increasingly threatened ~~by growing Soviet military and political influence along its borders and inside its territory~~. Over the course of the last two years, the Soviets and their surrogates have moved actively to gain influence in the Gulf.

-- The Soviets believe that once Khomeini dies, they will have an excellent opportunity to influence the formation of a government in Tehran which serves Soviet strategic interests in the area.

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-- Communist nations have become principal arms suppliers to Iran -- making Iran dependent on this source of supply in contending with an increasingly threatening Iraq. This leads us to the conclusion that the Soviets may well be attempting to pursue their own revolution in Iran. That is, by fueling both sides in the conflict, the Soviets could well encourage a disastrous "final offensive" by Iran that would precipitate a political disintegration in Iran, leaving a power vacuum which the Soviets could exploit. Specifically, the Communist influence in Iran stems from:

[redacted]

The increasing desperation brought on by the costs of the Iran-Iraq war has exacerbated Iran's vulnerability to Soviet influence. Moreover, Soviet designs in Afghanistan, pressure on Pakistan, and actual crossborder strikes in Iran from Afghanistan have made reopening a strategic dialogue increasingly important.

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In short, the Soviets were far better positioned to significantly improve their influence in the region in 1985 when we were presented with an opportunity to open a dialogue with Iran. In deciding to exploit this opening, we evaluated previous efforts through more conventional channels which had not succeeded.

Since 1983, various countries have made overtures to the U.S. and Iran in an effort to stimulate direct contact. [redacted] About two years ago, senior Iranian officials apparently decided that some accommodation with the U.S. was necessary. However, internal splits and debates made it difficult for them to respond to these overtures.

Numerous individuals and private parties have likewise attempted to be helpful as intermediaries in establishing contact in Iran or in seeking Iranian assistance in the release of our citizens held hostage in Lebanon. [redacted]

In 1985, a private American citizen (Michael Ledeen) was approached by a representative of the Israeli government (David Kimche), who reported that they had established a liaison relationship with an Iranian expatriate (Manuchehr Ghorbanifar) in Europe who sought Israeli help in establishing contact with the U.S. Government. In acknowledging the need to demonstrate the bonafides of the officials involved, he (Ghorbanifar) indicated that his "sponsors" in Tehran could also help to resolve the American hostage situation in Beirut.

The Israelis analyzed this intermediary's background exhaustively in order to validate his legitimacy. This analysis led them to have extremely high confidence in his standing and genuine relationship to the highest Iranian officials. Based in large part upon the Israeli evaluation and in recognition of the clear U.S. interest in a dialogue that might, over time, lead to the moderation of Iranian policies, the U.S. established an indirect contact with the Iranian intermediary in mid-1985, through the private U.S. citizen and a senior Israeli official. These contacts were established through the National Security Council staff with the full knowledge of appropriate Cabinet officers. From the very first meeting with the Israelis and the Iranian, it was emphasized that the USG could not proceed with direct contact unless Iran renounced terrorism as an instrument of state policy.

MORE DETAILS OF MTGS w PR. CNT & OTHERS *

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In June of 1985, in the midst of the TWA-847 hijacking, the Israeli officials in direct contact with the Iranian expatriate asked him to use his influence with senior Iranian officials to obtain the release of the hijacked passengers. Two days after this approach, four Americans held separately from the rest of the hijacked passengers were freed and turned over to Syrian authorities. [redacted] Majlis Speaker Rafsanjani, who was travelling in the mid-east at the time, and Iranian Foreign Minister Velayati both intervened with the captors. Rafsanjani, in his speech on November 4, 1986, for the first time publicly acknowledged his role in this matter.

In September of 1985, the Israelis advised ~~that they~~ [illegible] to ~~achieving a breakthrough~~ in their [illegible] proceed ~~unless~~ [illegible]. ~~It~~ [illegible] to note that the U.S. had long been aware of Israeli efforts to maintain discreet contact with Iran and to ~~provide~~ [illegible] assistance in its war with Iraq. Despite long-term U.S. efforts to convince the Israelis to desist, Israel continued to provide limited military and industrial technology to Iran. The USG judged that the Israelis would persist in these secret deliveries, despite our objections, because they believed it to be in their strategic interests.

RECORD OF
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EFFORTS
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T[illegible] L TO
IS[illegible]
DESIST
CHECK HOWARD

On August 22, 1985, the U.S., through the U.S. citizen intermediary, acquiesed in an Israeli delivery of military supplies (508 TOWs) to Tehran. We were subsequently informed that the delivery had taken place at the end of August, though we were not aware of the shipment at the time it was made. U.S. acquiescence in this Israeli operation was based on a decision at the highest level to exploit existing ~~Israeli channels~~ with Tehran ~~in~~ an effort to establish ~~an American strategic dialogue~~ with the Iranian government.

CHECK WITH
BUD &
PAUL

On September 14, 1985, Reverend Benjamin Weir was released in Beirut by the Islamic Jihad Organization. This release was preceded by an intense effort on the part of Mr. Terry Waite, the Special Emissary of the Archbishop of Canterbury. To this date, Mr. Waite remains the only Westerner to ever meet directly with the Lebanese kidnappers. [redacted]

On October 4, 1985, Islamic Jihad announced that it had "executed" Beirut Station Chief William Buckley in retaliation for the October 1 Israeli air raid on PLO installations in Tunis. This announcement led to a series of meetings in Europe among the U.S. (CIA and NSC), Israeli, and Iranian intermediaries. In these meetings, the Iranians indicated that, while their ability to influence the Hizballah was waning, the Hizballah had not killed

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Buckley; he had in fact died several months earlier of natural causes. We have since substantiated this information in debriefs of Father Jenco and David Jacobsen, both of whom indicate that Buckley probably died on June 3, 1985 of pneumonia-like symptoms.

In late November 1985, the Israelis, responding to urgent entreaties from the Iranians, provided 18 basic HAWK missiles to Iran in order to improve the static defenses around Tehran. The Israeli delivery of HAWK missiles raised U.S. concerns that we could well be creating misunderstandings in Tehran and thereby jeopardizing our objective of arranging a direct meeting with high-level Iranian [redacted]

- Devising a formula for re-establishing [redacted] relationship with Tehran.

- Ending the Iran-Iraq War on honorable terms.

- Convincing Iran to cease its support for terrorism and radical subversion.

- Helping ensure the territorial integrity of Iran and coordinating ways in which we might counter Soviet activities in the region.

Mr. McFarlane made clear that a Western dialogue with Iran would be precluded unless Iran was willing to use its influence to achieve the release of Western hostages in Beirut. He also made clear that we could not and would not engage in trading arms for hostages.

On January ~~9~~ 8, 1986, the President approved a covert action Finding directing that the intelligence community proceed with special activities aimed at accomplishing the goals set forth above. In accord with extant [redacted] that the Director of Central Intelligence [redacted] reporting the Finding to the appropriate committees of the Congress until reasonably sure that the lives of those carrying out the operation (both U.S. and foreign) would not be in jeopardy.

On February 5-7, U.S. officials (NSC and CIA [redacted], a representative of the Israeli Prime Ministry (Amiram Nir), and a senior-level Iranian official [redacted]

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[redacted] met in Germany. At this meeting, the Iranians agreed that, if the USG would provide TOW weapons to Iran, they would, in turn, provide same to the Afghan Mujahideen. The U.S. agreed to explore this possibility and, working with the Israelis, established the following mechanism for transfer of the weapons:

-- The Iranian intermediary (Ghorbanifar) would deposit funds in an Israeli account.

-- The Israelis would transfer funds to a sterile U.S.-controlled account in an overseas bank.

-- Using these funds, the CIA would covertly obtain materiel authorized for transfer from U.S. military stocks and transport this to Israel for onward movement to Iran.

Using the procedures stipulated above, funds were deposited in the CIA account in Geneva on February 11, 1986 and on February 14 1,000 TOWs were transported to Israel for pre-positioning. The TOWs were off-loaded and placed in a covert Israeli facility.

On February 19-21, U.S. and Iranian officials (NSC and CIA) met again in Germany to discuss problems in arranging a meeting among higher-level officials. At this meeting, the U.S. side agreed to provide 1,000 TOWs to Iran as a clear signal of U.S. sincerity. This delivery was commenced on the morning of February 20 and completed in two transits to Tehran on February 21.

On March 7, U.S. (CIA and NSC) and Israeli representatives met with the Iranian intermediary in Paris to determine whether any further progress was possible in arranging for a high-level meeting with U.S. and Iranian officials. During these meetings, the intermediary emphasized the deteriorating economic situation in Iran and Iranian anxieties regarding increasing Iraqi military effectiveness.

[redacted]

The escalation of tensions with Libya, leading up to the April 14 strike, prevented further dialogue from taking place until the Iranians urged the intermediary (Ghorbanifar) to accelerate the

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effort in late April, 1986. At that point, the Iranian expatriate advised us that the leadership in Tehran was prepared to commence a secret dialogue with the United States along the lines of our established goals. We believe that the Iranians were stimulated to renew the contact by the April 17 murder of hostage Peter Kilburn [redacted] in retaliation for the U.S. raid on Libya. [redacted] The Iranian expatriate told the NSC and CIA officers, who met with him in Europe at the end of April, that the Iranians did not wish to be accused of any culpability in Kilburn's death. [redacted]

Based on assurances that we could at last meet face-to-face with top-level Iranian officials, on May 15, the President authorized a secret mission to Tehran by former National Security Advisor McFarlane, accompanied by a CIA annuitant, CIA communicators, members of the NSC staff, and the Israeli and Iranian interlocutors. In order to ensure operational security, the trip was made from Israel, coincident with the delivery of a pallet of spare parts for Iranian defensive weapons systems (HAWK spare electronic parts). At the specific request of the Iranians, alias foreign documentation [redacted] was obtained from the CIA.

In the course of the four-day (May 25-29) visit, lengthy meetings were held with high-level Iranian officials, the first direct contact between the two governments in over six years. Mr. McFarlane and his team were able to establish the basis for a continuing relationship and clearly articulate our objectives, concerns, and intentions. The group was also able to assess first hand the internal political dynamic in Tehran and the effect of the war which Iran clearly can no longer win. Using Presidentially approved Terms of Reference (Tab A), which had been reviewed and approved by appropriate Cabinet officers, McFarlane emphasized that our interest in Iran transcended the hostages, but the continued detention of hostages by a Lebanese group philosophically aligned with Iran prevented progress. During the visit, Mr. McFarlane made clear:

-- that we fundamentally opposed Iranian efforts to expel us from the Middle East;

-- that we firmly opposed their use of terrorism;

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-- that we accepted their revolution and did not seek to reverse it;

-- that we had numerous other disagreements involving regional policies (i.e., Lebanon, Nicaragua, etc.), but might also find areas of common interest (i.e., Afghanistan) through dialogue.

During these meetings, both sides used the opportunity to detail the obstacles to implementing a strategic relationship between the two countries. In addition to the points noted above, Mr. McFarlane emphasized the political problems caused by Iranian involvement in the hostage issue. The Iranians objected to the USG embargo on U.S. military supplies already paid for plus the continued USG blocking of Iranian assets in the U.S., even after U.S. courts had ruled in their favor. During the course of these meetings, the Iranian officials admitted that they could not win the war, but were in a dilemma in Tehran over how to end the conflict given the need to present an Iranian "victory" before it could be concluded. They emphasized that the original aggressor, Saddam Hussein, must be removed from power in order for the war to end. Mr. McFarlane concluded the visit by summarizing that notwithstanding Iranian interest in carrying on with the dialogue, we could not proceed with further discussions in light of their unwillingness to exert the full weight of their influence to cause the release of the hostages.

On June 10, Majlis Speaker Rafsanjani, in a speech in Tehran made guarded reference to Iranian interest in improved relations with the U.S. On July 26, Father Lawrence Jenco was released in the Bekka Valley and found his way to a Syrian military checkpoint. On August 3, three pallets (less than ½ planeload) of electronic parts for Iranian anti-aircraft defenses (HAWK missile sub-components) arrived in Tehran (from Israel).

In early August 1986, the contact with the Iranian expatriate began to focus exclusively on the willingness of the USG to provide military assistance to Iran in exchange for hostages and we sought to establish different channels of communication which would lead us more directly to pragmatic and moderate elements in the Iranian hierarachy. In mid-August, a private American citizen (MGEN Richard Secord, USAF [Ret.]) acting within the purview of the January Covert Action Finding, made contact in Europe with [redacted] of a senior Iranian official (Rafsanjani). With the assistance of the CIA, this Iranian (Ali) was brought covertly to Washington for detailed discussions. We judged this effort to be useful in establishing contact with a close confidant of the man judged to

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be the most influential and pragmatic political figure in Iran (Rafsanjani). These discussions reaffirmed the basic objectives of the U.S. in seeking a political dialogue with Tehran. We also provided intelligence designed to discourage an Iranian offensive and contribute to an Iranian decision to negotiate an end to the war.

Through August, September, and October 1986, numerous additional meetings were held in Europe between U.S. representatives and the new and Iranian contacts. During the October 26, 1986 meeting in Frankfurt, Germany, the U.S. side, as in the past, insisted that the release of the hostages was a pre-requisite to any progress. The Iranian, [redacted] urged that we take a more active role in support for the Afghan resistance [redacted]

The Iranians also proffered, and the U.S. accepted, the offer of a Soviet T-72 [redacted] at this meeting, [redacted] stated that there [redacted] that another American or two would be reed soon." On October 29, with U.S. acquiscence, Israel provided Iran with an additional increment (500 TOW missiles) of these defensive weapons.

Late on October 31, [redacted] called the U.S. citizen (Hakim) tasked to maintain contact and advised that Iran had "exercised its influence with the Lebanese" in order to obtain the release of American -- David Jacobsen -- and an uncertain number of French hostages. He further noted that this was part of the purpose of the Iranian Foreign Minister's visit to Syria. [redacted] stated that the situation in Tehran, as well as Iranian influence over Hizballah were both deteriorating; [redacted] On November 2, David Jacobsen was driven to a point near the old American Embassy compound in West Beirut. The U.S. Embassy in East Beirut immediately dispatched an embassy officer to West Beirut to pick up Mr. Jacobsen.

It is now apparent that persistent U.S. efforts to establish contact with Iran have probably exacerbated the power struggle in Iran between pragmatic elements (led by Rafsanjani) and more radical factions (under the overall sponsorship of Ayatollah Montazeri). In late October, radical supporters (of Montazeri) revealed the (Rafsanjani) contact with the USG and the terms of the contact. In order to defend himself against charges of colluding with the USG and to preserve a degree of latitude for both parties, Majlis Speaker Rafsanjani provided a highly fabricated version of the May 1986 McFarlane mission in his

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November 4 address to the masses. Moderate Iranian political leaders apparently now feel constrained to settle their internal political problems before proceeding with the U.S. relationship. The revelations in Tehran regarding the McFarlane mission are demonstrable evidence of the internal power struggle. The October 1986 arrest of radical leader Mehdi Hashemi, a close confidant and son in-law of Aytollah Montezari, for acts of terrorism and treason has caused further internal conflict. Resolution of the Lebanon hostage situation is also complicated by waning Iranian influence in Lebanon due in part to financial constraints and the fact that the Libyans are [redacted] Despite these internal difficulties [illegible] attendant publicity in the Western media, the [redacted] continue to maintain direct contact with the USG and met again [illegible] Geneva on November 9-10 with NSC and CIA representatives. [redacted]

It is [illegible] to note that since the initiation of the USG contact [illegible] Iran there has been no evidence of [illegible] government complicity in acts of terrorism against the [illegible]. We believe that the September-October kidnappings of [illegible] Reed, Cicippio, and Tracy were undertaken in an effort to under[illegible] the nascent U.S.-Iranian strategic dialogue and exacerbate the internal Iranian power struggle against the [illegible] faction with [illegible] have [redacted] Contrary to speculative reports that these hostages were taken in order to stimulate the acquisition of more arms, they were most likely captured in order to prevent the very rapproachment with Iran we are seeking.

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Throughout this process, the USG has acted within the limits of established policy and in compliance with all U.S. law. The shipment of 2,008 TOWs and 235 HAWK missile parts was undertaken under the provisions of a covert action Finding.

In support of this Finding and at the direction of the President, the CIA provided the following operational assistance:

-- Sterile overseas bank accounts for financial transactions.

-- A secure transhipment point for the dispatch of U.S. military items from the U.S.

-- Transhipment of military items from the U.S. to Israel.

-- Communications and intellig [redacted] the [redacted] with Iranian offi [redacted] trip to [redacted] in May.

-- Cleared meeting sites in Europe for meetings with Iranian officials.

-- Alias documentation for U.S. and foreign officials for meetings in Europe and Tehran.

The weapons and materiel provided under this program are in no way adequate to alter the balance of military power nor the outcome of the war with Iraq. They have, however, had a positive effect on the Afghan resistance and demonstrated the U.S. commitment to Iranian territorial integrity. Further, U.S. efforts over the last 18 months have had tangible results on Iranian ~~policy~~:

-- The Rafsanjani/Velayati intervention on behalf of the TWA #847 passengers (June 1985).

-- Iranian direction that the hijacked Pan Am #73 could not leave Karachi for Iranian territory.

-- [redacted]

-- The release of three American and two French hostages.

It should also be noted that the U.S. arms embargo notwithstanding, West European nations have provided $500 million a year in military equipment to Iran. Most of these transfers were accomplished with government knowledge and/or acquiescence.

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All appropriate Cabinet Officers have been apprised throughout. The Congress was not briefed on the covert action Finding due to the extraordinary sensitivity of our Iranian contacts and the potential consequences for our strategic position in Southwest Asia. Finally, our efforts to achieve the release of the hostages in Lebanon must continue to rely on discreet contacts and intermediaries who cannot perform if they are revealed.

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EXHIBIT EM-28

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STAFF MEETING – 18 Nov 86

1.

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5. Iran Arms Sales Situation
Need for WH Strategy { WH
CIA
State/DOD
DOJ

[redacted] ①

7. "Contra" Inquiries [redacted]

[redacted]

EXHIBIT
EM-28

[redacted] ①

Declassified/Released on 15 JULY 1987
under provisions of E.O. 12356
by B. Reger, National Security Council

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Exhibit EM-29

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(Maximum Version)

EXHIBIT
EM-29

U.S./IRANIAN CONTACTS AND THE AMERICAN HOSTAGES

From the earliest months following the Islamic revolution in Iran, the U.S. Government has attempted to reestablish official contact with that government in order to discuss [redacted]

-- September 1[redacted]n at the request of [redacted]

-- October 1979 [redacted]

-- October-November 1979 [redacted] (discussed normalization of relations)

When these meetings and the secret November 1, 1979 meeting in Algiers, between Brzezinski and Prime Minister Bazargan, became public in Iran, they helped precipitate the takeover of the U.S. Embassy by radical elements and led to the resignation of the Bazargan government. These events have adversely influenced Iran's subsequent willingness to [redacted]

Despite mutual difficulties involved in re-establishing normal relations, our strategic interests in the Persian Gulf mandate persistent efforts to establish a dialogue. In this regard, it is notable that only a few major countries do not have relations with Iran -- Egypt, Jordan, Morocco, Israel, South Africa, and the United States. Even Iraq continues to have diplomatic relations with Iran.

Iran is the key to a region of vital importance to the West, yet it is increasingly threatened by growing Soviet military power and political influence along its borders and inside its territory. Over the course of the last two years, the Soviets and their surrogates have moved actively to gain greater influence in the Gulf:

-- The Soviets believe that once Khomeini dies, they will have an excellent opportunity to influence the formation of a government in Tehran that serves Soviet strategic interests in the area.

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-- Communist nations have become the principal arms suppliers to Iran -- making Iran dependent on this source of supply in contending with an increasingly strengthened Iraq. This leads us to the conclusion that the Soviets may well be attempting to pursue their own revolution in Iran. That is, by fueling both sides in the conflict, the Soviets could well encourage a disastrous "final offensive" by Iran that would precipitate a political disintegration in Iran, leaving a power vacuum which the Soviets could exploit. Specifically, the indicators of Communist influence in Iran are:

[redacted]

The increasing desperation brought on by the costs of the Iran-Iraq war has exacerbated Iran's vulnerability to Soviet influence. Moreover, Soviet designs in Afghanistan, pressure on Pakistan, and actual crossborder strikes in Iran from Afghanistan have made reopening a strategic dialogue increasingly important.

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In short, the Soviets were far better positioned to improve significantly their influence in the region in 1985 when we were presented with an opportunity to open a dialogue with Iran. In deciding to exploit this opening, we evaluated previous efforts through more conventional channels which had not succeeded.

About two years ago, senior Iranian officials apparently decided that [redacted] the U.S. was necessary. Since 1983, vari[redacted] However, [redacted] and debates made it difficult for the Iranians to respond to these overtures.

Numerous individuals and private parties have likewise attempted to be helpful as intermediaries in establishing contact in Iran or in seeking Iranian assistance in the release of our citizens held hostage in Lebanon. [redacted]

In 1985, a private American citizen (Michael Ledeen) was approached by a representative of the Israeli government (David Kimche), who reported that they had established a liaison relationship with an Iranian expatriate (Manuchehr Ghorbanifar) in Europe who sought Israeli help in establishing contact with the U.S. Government. In acknowledging the need to demonstrate the bonafides of the officials involved, he (Ghorbanifar) indicated that his "sponsors" in Tehran could also help to resolve the American hostage situation in Beirut.

The Israelis analysed this intermediary's background exhaustively in order to validate his legitimacy. This analysis led them to have extremely high confidence in his standing and genuine relationship to the highest Iranian officials. Based in large part upon the Israeli evaluation and in recognition of the clear U.S. interest in a dialogue that might, over time, lead to the moderation of Iranian policies, the U.S. established an indirect contact with the Iranian intermediary in mid-1985, through the private U.S. citizen and a senior Israeli official. These contacts were established through the National Security Council staff with the full knowledge of appropriate Cabinet officers. From the very first meeting with the Israelis and the Iranian, it was emphasized that the USG could not proceed with direct contact unless Iran renounced terrorism as an instrument of state policy.

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In June of 1985, in the midst of the TWA-847 hijacking, the Israeli officials in direct contact with the Iranian expatriate asked him to use his influence with senior Iranian officials to obtain the release of the hijacked passengers. Two days after this approach, four Americans held separately from the rest of the hijacked passengers were freed and turned over to Syrian authorities. [redacted] Majlis [redacted] Speaker Rafsanjani, who was travelling in the mid-east at the time, and Iranian Foreign Minister Velayati both intervened with the captors. Rafsanjani, in his speech on November 4, 1986, for the first time publicly acknowledged his role in this matter.

In July of 1985, the Israelis advised that they believed they were close to achieving a breakthrough in their contact with Iran and would proceed unless we objected. It is important to note that the U.S. had long been aware of Israeli efforts to maintain discreet contact with Iran and that they had in the past provided Iran with assistance in its war with Iraq. Despite long-term U.S. efforts to convince the Israelis to desist, we believe that Israel continued to provide limited military and industrial technology to Iran -- even after they officially told us that such activities had ceased. The USG judged that the Israelis would persist in these secret deliveries, despite our objections, because they believed it to be in their strategic interests.

On August 22, 1985, a senior Israeli official (David Kimche) visited Washington and met with the National Security Advisor. The Israeli asked us to acquiesce in a single Israeli delivery of defensive military materiel to Tehran. He urged that we allow such an action to take place in order to gain increased influence in Tehran. Mr. McFarlane stated that the U.S. could in no way be construed as an "arms for hostages" deal and that there could be no guarantee that whatever items of U.S. origin Israel sent, could be replaced. We were subsequently informed that the Israelis had delivered 508 TOWs at the end of August. Though we were not specifically aware of the shipment at the time it was made we did make a subsequent decision not to expose this Israeli operation so that we would have the option of exploiting existing Israeli channels with Tehran in our own effort to establish an American strategic dialogue with the Iranian government. The Israelis managed this entire operation, to include delivery, arrangements, funding, and transportation. The total value of this shipment was less than $2 million and, therefore, below the threshold for required reporting of a military equipment transfer under the Arms Export Control Act.

On September 14, 1985, Reverend Benjamin Weir was released in Beirut by the Islamic Jihad Organization. This release was preceded by an intense effort on the part of Mr. Terry Waite, the Special Emissary of the Archbishop of Canterbury. To this date, Mr. Waite remains the only Westerner to ever meet directly with the Lebanese kidnappers. [redacted]

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On October 4, 1985, Islamic Jihad announced that it had "executed" Beirut Station Chief William Buckley in retaliation for the October 1 Israeli air raid on PLO installations in Tunis. This announcement led to a series of meetings in Europe among the U.S. (CIA and NSC), Israeli, and Iranian intermediaries. In these meetings, the Iranians indicated that, while their ability to influence the Hizballah was waning, the Hizballah had not killed Buckley; he had in fact died several months earlier of natural causes. We have since substantiated this information in debriefs of Father Jenco and David Jacobsen, both of whom indicate that Buckley probably died on June 3, 1985 of pneumonia-like symptoms.

In late November 1985, the Israelis, responding to urgent entreaties from the Iranians, provided 18 [redacted] HAWK missiles to Iran in order to improve the static defenses around Tehran. The Israeli delivery of HAWK missiles raised U.S. concerns that we could well be creating misunderstandings in Tehran and thereby jeopardizing o[redacted]ging a direct meeting with high-level Iranian officials. As a consequence of U.S. initiative and by mutual agreement of all three parties, these missiles were subsequently returned to Israel in February 1986. On December 6-8, 1985, the National Security Advisor met (in London) with the Israeli official and the Iranian contact to make clear the nature of our interest in a dialogue with Iran. At this meeting, Mr. McFarlane stated that our goals were as follows:

- Devising a formula for re-establishing a strategic relationship with Tehran.
- Ending the Iran-Iraq War on honorable terms.
- Convincing Iran to cease its support for terrorism and radical subversion.
- Helping ensure the territorial integrity of Iran and coordinating ways in which we might counter Soviet activities in the region.

Mr. McFarlane made clear tha[redacted] dialogue with Iran [redacted]d be precluded unless Iran were willing to use its influence to achieve the release of Western hostages in Beirut. He also made clear that we could not and would not engage in trading arms for hostages.

On December 14, the Pres[redacted]sidence with the Secretaries of State and Defense, the Attorney General, the Director of Central Intelligence and the National Security Advisor to review the findings of Mr. McFarlane's meetings in London, the situation in Iran and the prospects for a strategic dialogue. At this meeting he decided that we should attempt to keep the Israeli channel open as long as it offered possibilities for meetings with high-level Iranian officials.

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On January 2, the Prime Minister of Israel dispatched a special emissary to the U.S. (Amiram Nir) to review proposals for next steps in dealing with Iran. In that implementation of the Israeli proposals would require the active participation of the intelligence community, the NSC Staff (North) was tasked to prepare a covert action finding. Work on this Presidential finding convened on January 5 [redacted] document was forwarded to the Presid[redacted] by appropriate NSC officials.

[redacted]

On January 17, 1986, the President approved a covert action Finding directing that the intelligence community proceed with special activities aimed at accomplishing the goals set forth above (Tab A). In accord with extant statutes, the President directed that the Director of Central Intelligence refrain from reporting the Finding to the appropriate committees of the Congress until reasonably sure that the lives of those carrying out the operation (both U.S. and foreign) would not be in jeopardy.

On February 5-7, U.S. officials (NSC and CI[redacted] a representative of the Israeli Prime Ministry (Amiram Nir), and a senior-level Iranian official [redacted] met in Germany. At this meeting, the Iranians agreed that, if the USG would provide defensive weapons (TOWs) to Iran, they would, in turn, provide same to the Afghan Mujahideen. The U.S. side agreed to explore this possibility and, working with the Israelis, established the following mechanism for transfer of the weapons:

-- The Iranian [redacted] funds in an Israe[redacted]

-- The Israelis [redacted] transfer [redacted] U.S.-controlled [redacted] bank.

-- Using [redacted] materiel [redacted] transport this to Israel for onward movement to Iran.

Using the procedures stipulated above, funds were deposited in the CIA account in Geneva on February 11, 1986 and on February 14 1,000 TOWs were transported to Israel for pre-positioning. These TOWs were transferred by CIA from DOD (U.S. Army stocks in

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Anniston, Alabama) and transported through [redacted] using standard CIA-DOD [redacted] logistics arrangements. Policy-level coordination for these arrangements was effected by NSC (North) with DOD (Armitage) and CIA (Clair George). The TOWs were placed in a covert Israeli facility awaiting onward shipment.

On February 19-21, U.S. (NSC and CIA), Israeli and Iranian officials met in Germany to discuss problems in arranging [redacted] meeting [redacted] side agre[redacted] U.S. sincerity. [redacted] February 20 and completed in two transits to Tehran on February 21. Transportation from Israel to Iran was aboard a false flag Israeli aircraft.

[redacted]

On February 28, the Prime Minister of Israel wrote to President Reagan (Tab B) urging continued efforts to achieve a strategic breakthrough with Iran, but asking consideration for the safety of recently seized Israeli hostages.

On March 7, U.S. (CIA and NSC) and Israeli representatives met with the Iranian intermediary in Paris to determine whether any further progress was possible in arranging for a high-level meeting with U.S. and Iranian officials. During these meetings, the intermediary emphasized the deteriorating economic situation in Iran and Iranian anxieties regarding increasing Iraqi military effectiveness.

The escalation of tensions with Libya, leading up to the April 14 strike, prevented further dialogue from taking place until the Iranians urged the intermediary (Ghorbanifar) to accelerate the effort in late April, 1986. At that point, the Iranian expatriate advised us through the Israeli point-of-contact that the leadership in Tehran was prepared to commence a secret dialogue with the United States along the lines of our established goals. We believe that the Iranians were stimulated to renew the contact by the April 17 murder of hostage Peter Kilburn by Libyan [redacted] authorities, in retaliation for the U.S. raid on Libya. [redacted]

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[redacted]

The Iranian expatriate told the NSC and CIA officers, who met with him in Europe at the end of April, that the Iranians did not wish to be accused of any culpability in Kilburn's death.

[redacted]

On May 6, 7, 1986, U.S. and Israeli officers met in London with the Iranian intermediary in which he urged that we take immediate steps to arrange for a high-level U.S./Iranian meeting in Tehran. During the London meeting, the Iranian urged that we (U.S. and Israel) take immediate steps to help with Iranian air defense. He emphasized that the Iraqi Air Force was increasingly effective of late and that the Iranians were desperate to stop attacks on population centers. The Israelis also used this opportunity to privately ask the U.S. to replace the 508 TOWs which they had sent to Iran in August, 1985. The Israelis were informed via coded message on May 15 that the U.S. had agreed to the Iranian request for limited anti-air defense equipment and to replenish the 508 TOWs sent by Israel.

Based on assurances that we could at last meet face-to-face with top-level [redacted] President authorized a secret mission to Tehran by former National Security Advisor McFarlane, accompanied by a CIA annuitant, CIA communicators, members of the NSC staff, and the Israeli and Iranian interlocutors.

On May 16, the Iranians, through the Israelis provided $6.5M for deposit in the CIA secure funding mechanism. The funds were used to acquire 508 TOW missiles (for replenishing the TOWs Israel shipped in September 1986) and acquiring HAWK missile spare parts. This material was subsequently moved to [redacted] repackaged and shipped to Kelly AFB for onward movement to Israel on May 22. [redacted] logistics support [redacted]t of this materiel to Israel.

In order to ensure operational security, the McFarlane trip was made from Israel, coincident with the delivery of a pallet of spare parts for Iranian defensive weapons systems (HAWK spare electronic parts). At the specific request of the Iranians, alias foreign documentation [redacted] -- obtained from the CIA -- was used. CIA also provided covert transportation support from CONUS to Israel for the McFarlane party. The group was transported from Israel to Tehran aboard an Israeli Air Force 707 with false flag markings.

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In the course of the four-day (May 25-29) visit, lengthy meetings were held with high-level Iranian officials, the first direct contact between the two governments in over six years. Mr. McFarlane and his team were able to establish the basis for a continuing relationship and clearly articulate our objectives, concerns, and intentions. The group was also able to assess first hand the internal political dynamic in Tehran and the effect of the war which Iran clearly can no longer win. Using Presidentially approved Terms of Reference (Tab B), which had been reviewed and approved by appropriate Cabinet officers, McFarlane emphasized that our interest in Iran transcended the hostages, but the continued detention of hostages by a Lebanese group philosophically aligned with Iran prevented progress. During the visit, Mr. McFarlane made clear:

-- that we fundamentally opposed Iranian efforts to expel us from the Middle East;

-- that we firmly opposed their use of terrorism;

-- that we accepted their revolution and did not seek to reverse it;

-- that we had numerous other disagreements involving regional policies (i.e., Lebanon, Nicaragua, etc.), but might also find areas of common interest (i.e., Afghanistan) through dialogue.

During these meetings, both sides used the opportunity to detail the obstacles to implementing a strategic relationship between the two countries. In addition to the points noted above, Mr. McFarlane emphasized the political problems caused by Iranian involvement in the hostage issue. The Iranians objected to the USG embargo on U.S. military supplies already paid for plus the continued USG blocking of Iranian assets in the U.S., even after U.S. courts had ruled in their favor. During the course of these meetings, the Iranian officials admitted that they could not win the war, but were in a dilemma in Tehran over how to end the conflict given the need to present an Iranian "victory" before it could be concluded. They emphasized that the original aggressor, Saddam Hussein, must be removed from power in order for the war to end. Mr. McFarlane concluded the visit by summarizing that notwithstanding Iranian interest in carrying on with the dialogue, we could not proceed with further discussions in light of their unwillingness to exert the full weight of their influence to cause the release of the Western hostages in Lebanon.

On June 10, Majlis Speaker Rafsanjani, in a speech in Tehran made guarded reference to Iranian interest in improved relations with the U.S. On July 26, Father Lawrence Jenco was released in the Bekka Valley and found his way to a Syrian military checkpoint.

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On August 3, the remaining three pallets (less than ¼ planeload) of electronic parts for Iranian anti-aircraft defenses (HAWK missile sub-components) arrived in Tehran. As in all flights to/from Iran this delivery was made with an Israeli Air Force aircraft (707) using false flag markings. Timing of the delivery was based on coordination among U.S., Israeli and Iranian officials.

In early August 1986, the contact with the Iranian expatriate began to focus exclusively on the willingness of the USG to provide military assistance to Iran in exchange for hostages and we sought to establish different channels of communication which would lead us more directly to pragmatic and moderate elements in the Iranian hierarachy. In mid-August, a private American citizen (MGEN Richard Secord, USAF [Ret.]) acting within the purview of the January Covert Action Finding, made contact in Europe with [redacted] a relative [redacted] of a senior Iranian official (Rafsanjani). With the assistance of the CIA, this Iranian [redacted] was brought covertly to Washington for detailed discussions. We judged this effort to be useful in establishing contact with a close confidant of the man judged to be the most influential and pragmatic political figure in Iran (Rafsanjani). These discussions reaffirmed the basic objectives of the U.S. in seeking a political dialogue with Tehran. We also provided intelligence designed to discourage an Iranian offensive and contribute to an Iranian decision to negotiate an end to the war. The intelligence also detailed the Soviet threat to Iran.

Through August, September, and October 1986, numerous additional meetings were held in Europe between U.S. representatives and the new and Iranian contacts. During the October 26, 1986 meeting in Frankfurt, Germany, the U.S. side, as in the past, insisted that the release of the hostages was a pre-requisite to any progress. The Iranian [redacted] urged that we take a more active role in support for the Afghan resistance and suggested again that, if we could provide additional TOW weapons to Iran, they would train and equip more Afghan resistance fighters with these weapons. The Iranians also proffered, and the U.S. accepted, the offer of a Soviet T-72 tank [redacted] At this meeting [redacted] stated that there was a "very good chance that another American or two would be freed soon." On October 29, with U.S. acquiescence, Israel provided Iran with an additional increment of defensive weapons (500 TOW missiles).

Late on October 31 [redacted] called the U.S. citizen (Hakim) tasked to maintain contact and advised that Iran had "exercised its influence with the Lebanese" in order to obtain the release of an American -- David Jacobsen -- and an uncertain number of French hostages. He further noted that this would be

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part of the purpose of the Iranian Foreign Minister's visit to Syria -- an event we became aware of on November 1, 1986. [redacted] stated that the situation in Tehran, as well as Iranian influence over Hizballah were both deteriorating [redacted] On November 2, David Jacobsen was released by his captors near the old American Embassy compound in West Beirut. The U.S. Embassy in East Beirut immediately dispatched an embassy officer to West Beirut to pick up Mr. Jacobsen.

It is now apparent that persistent U.S. efforts to establish contact with Iran and [redacted] public speculation regarding these contacts have prob[redacted]xacerbated the power struggle in Iran between pragmatic elements (led by [redacted] radical factions (und[redacted] of Ayatollah Montazeri). In late [redacted] reveal[redacted] the terms of the contact. In order to defen[redacted]inst charges of colluding with the USG and to pre[redacted] degree of latitude for both parties, Majlis Speaker Rafsanjani provided a purposely distorted version of the May 1986 McFarlane mission in his

November 4 address to the masses. Moderate Iranian political leaders apparently now feel constrained to settle their internal political problems before proceeding with the U.S. relationship. The revelations in Tehran regarding the McFarlane mission are demonstrable evidence of the internal power struggle. The October 1986 arrest of radical leader Mehdi Hashemi, a close confidant and son in-law of Ayatollah Montezari, for acts of terrorism and treason has caused further internal conflict.

Resolution of the Lebanon hostage situation is also complicated by waning Iranian influence in Lebanon due in part to financial constraints and the fact that the Libyans are expanding their contacts with more radical Hizballah elements. [redacted]

On November 7, the day after a meeting with U.S. officials, Iranian government authorities arrested six other individuals

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involved in radical activities. Among the two were senior military officers and a Majlis deputy (Ahmad Kashani), the grandson of Ayatollah Kashani, a conspirator in the 1949 attempt against the Shah. Despite these internal difficulties and attendant publicity in the Western media, the Iranians continue to maintain direct contact with the USG and met again in Geneva on November 9-10 with NSC and CIA representatives [redacted]

It is important to note that since the initiation of the USG contact with Iran there has been no evidence of Iranian [redacted]

[redacted]

During [redacted]

-- The Israelis acknowledged the August 1985 shipment of 508 TOWs after it had taken place. Until we were advised by the Israelis, [redacted] subsequently confirmed by Iranian [redacted] TOWs in May of [redacted]

-- The [redacted]

-- The November 1985 shipment of 8 Israeli HAWK missiles was not an authorized exception to policy. This shipment was eventually retrieved in February 1986 as a consequence of U.S. intervention.

In support of this Finding and at the direction of the President, the CIA provided the following operational assistance:

-- Sterile overseas bank accounts for financial transactions.

-- A secure transhipment point f[redacted]

-- Transhipment of military items from the U.S. to Israel.

-- Communications and intelligence support for the meetings with Iranian officials and the McFarlane trip to Tehran in May.

-- Cleared meeting [redacted] with Iranian [redacted]

[redacted] however [redacted] demonstrated the U.S. commitment to Iranian territorial integrity and served to support those in Iran interested in opening a strategic relationship with the U.S. They have also furthered U.S. efforts over the last 18 months have had tangible results on Iranian policy:

-- The Rafsanjani/Velayati intervention on behalf of the TWA #847 passengers (June 1985).

-- Iranian direction that the hijacked Pan Am #73 would not be received in Iranian territory if it left Karachi.

-- [redacted]

-- The release of three American and at least two French hostages.

-- The initiation of an Iranian dialogue with their regional neighbors.

-- The Iranian "final offensive."

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Finally, it must also be noted that the U.S. arms embargo notwithstanding, West European nations have provided $500 million a year in military equipment to Iran. Most of these transfers were accomplished with government knowledge and/or acquiescence.

All appropriate Cabinet Officers have been apprised throughout. The Congress was not briefed on the covert action Finding due to the extraordinary sensitivity of our Iranian contacts and the potential consequences for our strategic position in Southwest Asia. Finally, our efforts to achieve the release of the hostages in Lebanon must continue to rely on discreet contacts and intermediaries who cannot perform if they are revealed.

EXHIBIT EM-30

[illegible]

Peter Wallison 9^{15} am

II. Briefing of RR on Legal Aspects of Iran Arms Situatio

EXHIBIT
EM-30

Exhibit EM-31

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STAFF MEETING - 19 Nov 86

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EXHIBIT
EM-31

9. Briefing of RR for News Conf re Justice-related issues

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Declassified/Released on 15 JULY 1987
under provisions of E.O. 12356
by B. Reger, National Security Council

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EXHIBIT EM-32

11/19/86

11/24/86

Weekly Compilation of

Presidential Documents

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CONGRESSIONAL RESEARCH SERVICE

Monday, November 24, 1986
Volume 22—Number 47
Pages 1573–1598

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EXHIBIT
EM-32

But, my friends, that letter may have been addressed to me, but it wasn't written to me alone. It was written also to each of you, to all Americans, and to our allies as well. It was written in thanks to all those who've joined in our bipartisan crusade to make America stronger. And it was written in thanks to all of those who have returned us to our [illegible]s and reminded us of what they mean in this world. At the National Review dinner last December, I closed my [illegible]ng thanks to Bill Buckley for "[illegible]ng [illegible]o much good in the world." [illegible] tonight, [illegible]ll, Ernie, Paul, Don, Jeane, and ever[illegible] others far away, thank you, too. Thank [illegible] God bless you all.

Note: The [illegible]ident spoke at 7:32 p.m. in the International Ballroom of the Washington Hilton Hotel.

The President's News Conference of Novemb[illegible] 1986

Iran-U.S. R[illegible]ions

[illegible]t. Good evening. I have a few w[illegible]e before I take your questions, some [illegible]f remarks.

Eig[illegible]nths ago, as I said last Thursday, this [illegible]istration began a secret initi[illegible] to the [illegible]lamic Republic of Iran. Our purposes were fourfold: to replace a relationship of total hostility with something better, to bring a negotiated end to the Iran-Iraq [illegible] and to bring an end to terrorism and to effect the release of our hostages.

We [illegible]s undertaking involved great risks, es[illegible]y for ur people and for the [illegible]ian officials with whom we dealt. That's [illegible]mation was restricted to appropri[illegible]et officers and those officials with an absolute need to know.

This undertaking was a matter of considerable debate within administration circles. Our policy objectives were never in dispute. There were differences on how best to proceed. [illegible]e principal issue in contention was whether we should make isolated and limited exceptions to our arms embargo as [illegible]nal of our serious intent. Several top advisers opposed the sale of even a modest shipment of defensive weapons and spare parts to Iran. Others felt no progress could be made without this sale. I weighed their views. I considered the risks of failure and the rewards of success, and I decided to proceed. And the responsibility for the decision and the operation is mine and mine alone. As Mr. Lincoln said of another presidential decision, "If it turns out right, the criticism will not matter. If it turns out wrong, ten angels swearing I was right will make no difference."

I understand this decision is deeply controversial and that some profoundly disagree with what was done. Even some who support our secret initiative believe it was a mistake to send any weapons to Iran. I understand and I respect those views, but I deeply believe in the correctness of my decision. I was convinced then and I am convinced now that while the risks were great, so, too, was the potential reward. Bringing Iran back into the community of responsible nations, ending its participation in political terror, bringing an end to that terrible war, and bringing our hostages home—these are the causes that justify taking risks.

In foreign policy the presence of risks alone cannot be reason enough not to act. There were risks when we liberated Grenada, when we went into Lebanon, when we aided the Philippines, and when we acted against Libya. So, we'll continue our efforts. However, to **eliminate the widespread but mistaken perception that we have been exchanging arms for hostages, I have directed that no further sales of arms of any kind be sent to Iran.** I have further directed that all information relating to our initiative be provided to the appropriate Members of Congress. There may be some questions which for reasons of national security or to protect the safety of the hostages I will be unable to answer publicly. But again, all information will be provided to the appropriate Members of Congress.

And now I'll take your questions. Helen [Helen Thomas, United Press International]?

Q. Mr. President, in the recent past there was an administration whose byword was "Watch what we do, not what we say." How would you assess the credibility of

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your own administration in the light of the prolonged deception of Congress and the public in terms of your secret dealings with Iran, the disinformation, the trading of Zakharov for Daniloff? And I'd like to follow up.

The President. Well, Helen, let me take the last one first. I know some persist in saying that we traded Zakharov for Daniloff. We did not. We said that we would have no dealings with the Soviet Union, even on going to Iceland, until Daniloff was in our hands.

But to bring it up to date on this, there was no deception intended by us. There was the knowledge that we were embarking on something that could be of great risk to the people we were talking to, great risk to our hostages. And, therefore, we had to have it limited to only the barest number of people that had to know. I was not breaking any law in doing that. It is provided for me to do that. At the same time, I have the right under the law to defer reporting to Congress, to the proper congressional committees, on an action, and defer it until such time as I believe it can safely be done with no risk to others.

And that's why I have ordered in this coming week the proper committees will be briefed on this. And there are still some parts of this that we cannot go public with, because it will bring to risk and danger people that are held and people that we have been negotiating with. We were not negotiating government to government. We were negotiating with certain individuals within that country.

Q. You don't think your credibility has been damaged? And are you prepared now to disavow the finding which let you make end runs around the Iranian arms embargo? Are you going to tear it up?

The President. No, as I say, we are going to observe that embargo. And it's part of the same reason that, as I've said, we were doing this in the first place: And that is to see, among the other issues involved, if we can help bring about peace between those two countries, a peace without victory to either one or defeat and that will recognize the territorial integrity of both. And this is something that all of our allies are seeking also.

But I think the people understand that sometimes you have to keep a secret in order to save human lives and to succeed in the mission, just as we went into Grenada without prior notice, because then we would have put to risk all of those men who were going to hit the beach.

Yes, Mike [Mike Putzel, Associated Press].

Secretary of State Shultz

Q. Mr. President, has Secretary Shultz discussed his resignation with you? Have you agreed to accept it, or have you asked him to stay on?

The President. Mike, he has never suggested to me in our meetings that resignation. And in fact, he has made it plain that he will stay as long as I want him, and I want him. So, there's never been any discussion there. He knows that I want him to stay, and he has, in advance, said that he wants to. There's been no talk of resignation.

Q. If I may follow up, sir: Has he made his staying conditioned on your agreeing not to send further arms to Iran?

The President. No, there have been no conditions. As I say, we didn't discuss that. And as I've said now, there is no need to go further with this. The mission was served that made us waive temporarily that for that really minuscule amount of spare parts and defensive weapons.

Chris [Chris Wallace, NBC News].

Q. Mr. President, you have stated flatly, and you stated flatly again tonight, that you did not trade weapons for hostages, and yet the record shows that every time an American hostage was released—last September, this July, and again just this very month, there had been a major shipme[illegible] just before that. Are we all to be[illegible] was just a coincidence?

The President. Chris, the only thing I know about major shipments of arms—as I've said, everything that we sold them could be put in one cargo plane, and there would be plenty of room left over. Now, if there were major shipments—and we know this has been going on—there have been other countries that have been deali[illegible] arms with Iran. There have been [illegible] private merchants of such things that have been doing the same thing. Now, I've seen

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the stories about a Danish tramp steamer and a Danish sailors union officials talking about their ships taking various supplies to Iran. I didn't know anything about that until I saw the press on it, because we certainly never had any contact with anything of the kind. And so, it's just that we did something for a particular mission. There was a risk entailed. And Iran held no hostages. Iran did not kidnap anyone, to our knowledge. And the fact that part of the operation was that we knew, however, that the kidnapers of our hostages did have some kind of relationship in which Iran could [illegible] times influence them—not always—but could influence them. And so three of our hostages came home.

Q. But if I may follow up, sir: On that first point, your own Chief of Staff, Mr. Regan, has said that the U.S. condoned Israeli shipments of arms to Iran. And aren't you, in effect, sending the very message you always said you didn't want to send? Aren't you saying to terrorists either you or your state sponsor—which in this case was Iran—can gain from the holding of hostages?

The President. No, because I don't see where the kidnapers or the hostage-holders gained anything. They didn't get anything. They let the hostages go. Now, whatever is the pressure that brought that about, I'm just grateful [illegible] it for the fact that we got them. As a matter of fact, if there had not been so much publicity, we would have had two more that we were expecting.

Sam [Sam Donaldson, [illegible] News]?

Q. Mr. President, [illegible] had the arms embargo on, you were [illegible] other nations, our allies particularly, [illegible] it—publicly. But at the same time, [illegible], you concede you were authoriz[illegible] breaking of that embargo by the United States. How can you justify this dupli[illegible]?

The President. [illegible] was duplicity. And as I say, the so-called violation did not in any way [illegible]ary balance between the two countries. But what we were aiming for, I think, made it worthwhile. And this was a waiver of our own embargo; the embargo still stays now and for the future. But the causes that I outlined here in my opening statement—first of all, to try and establish a relationship with a country [illegible] of great strategic importance to peace and everything else in the Middle East, at the same time, also, to strike a blow against terrorism, and to get our hostages back, as we did. And this particular thing was, we felt, necessary in order to make the contacts that we made and that could lead to better relations with us. And there was a fourth item, also, as I pointed out.

Q. Sir, if I may, the polls show that a lot of American people just simply don't believe you. But the one thing that you've had going for you, more than anything else in your Presidency, your credibility, has been severely damaged. Can you repair it? What does it mean for the rest of your Presidency?

The President. Well, I imagine I'm the only one around who wants to repair it, and I didn't have anything to do with damaging it.

Bill [Bill Plante, CBS News]?

Q. Mr. President, you say that the equipment which was shipped didn't alter the military balance. Yet several things: We understand that there were 1,000 TOW antitank missiles shipped by the U.S. The U.S. apparently condoned shipments by Israel and other nations of other quantities of arms as an ancillary part of this deal—not directly connected, but had to condone it, or the shipments could not have gone forward, sir. So, how can you say that it cannot alter the military balance? And how can you say, sir, that it didn't break the law, when the National Security Act of 1977 plainly talks about timely notification of Congress and also, sir, stipulates that if the national security required secrecy the President is still required to advise the leadership and the chairmen of the intelligence committees?

The President. Bill, everything you've said here is based on a supposition that is false. We did not condone and do not condone the shipment of arms from other countries. And what was the other point that you made here——

Q. There were the antitank missiles, sir.

The President. Oh no, about the—that it didn't—no, that it didn't violate the—or that did violate the law. No, as I've said, the President, believe it or not, does have the power if, in his belief, national security can

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be served to waive the provisions of that law as well as to defer the notification of the Congress on this.

Q. Isn't it possible that the Iraqis, sir, might think that a thousand antitank missiles was enough to alter the balance of that war?

The President. This is a purely defensive weapon. It is a shoulder-carried weapon. And we don't think that in this defensive thing—we didn't add to any offensive power on the part of Iran. We know that Iraq has already announced that they would be willing to settle the conflict, as we've said, with no winners or losers. And the other parts happened to be spare parts for an antiaircraft Hawk battery. And, as I say, all of those weapons could be very easily carried in one mission.

Now, I think—Charles [Charles Bierbauer, Cable News Network].

Q. Mr. President, I don't think it's still clear just what Israel's role was in this. The questions that have been asked about a condoned shipment. We do understand that the Israelis sent a shipment in 1985, and there were also reports that it was the Israelis that contacted your administration and suggested that you make contact with Iran. Could you explain what the Israeli role was here?

The President. No, because we, as I say, have had nothing to do with other countries or their shipment of arms or doing what they're doing. And, no, as a matter of fact, the first ideas about the need to restore relations between Iran and the United States, or the Western World for that matter, actually began before our administration was here. But from the very first, if you look down the road at what could happen and perhaps a change of government there, that it was absolutely vital for the Western World and to the hopes for peace in the Middle East and all for us to be trying to establish this relationship. And we worked—oh, it started about 18 months ago, really, as we began to find out some individuals that it might be possible for us to deal with and who also were looking at the probability of a further accident.

Trudie?

Q. Can I follow up please, if I may, on that? The contacts that you're suggesting are with moderates in the Iranian Government and in the Iranian system. Barry Goldwater tonight said in his judgment there are no moderates in Iran. I don't mean to suggest that there may not be, but how did you know that you were reaching the moderates? And how do you define a moderate in that kind of a government?

The President. Well, again, you're asking questions that I cannot get into with regard to the answers. But believe me, we had information that led us to believe that there are factions within Iran, and many of these with an eye toward the fact that they think sooner rather than later there is go[illegible] a change in the government there. And there is great dissatisfaction among the people in Iran.

Trudie [Trudie Fieldman, Transfeatures]?

Arms Reduction Negotiations

Q. Mr. President, could we turn to U.S.-Soviet relations for a moment, please?

The President. I'd be delighted. [*Laughter*]

Q. Your chief arms negotiator, Max Kampelman, said that as a result of your meeting with Mr. Gorbachev in Iceland that there indeed were substantial results and agreements. But the leadership of the Soviet Union say that there were no results, nothing positive, and the area is widely scattered still. How do you propose, in the remainder of your term, to close the gap for an agreement?

The President. Well, Trudie, the thing is about that situation, they are not widely scattered. All the agreements, or th[illegible]ent places where we agreed at R[illegible] are on the table now with our arms [illegible]tors in Geneva. And for the first time there was an agreement reached on the desirability of eliminating all strategic nuclear missiles in a 5-year period and then dealing with the intermediate-range mi[illegible] Germany. And just before the [illegible] broke up was the first time that—we have always been our purpose, and it was our purpose when we went there, to see if this—these are the destabilizing weapons, these are the weapons that people in their mind can picture someone pushes a button and lot of places blow up. And we always thought that if we could make a start on those, the destabilizing missiles, and then we could work on

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to the other nuclear weapons—bombs carried by airplanes and so forth. And we had gone there with the express purpose of seeing if we could arrive at some kind of a settlement on one or the other of these other two missile types. And it was just before the meeting broke up that for the first time they suggested that they were talking about all nuclear weapons, not just the others. Well, there was no time for us to discuss them—this new force that was in there.

But I think Mr. Kampelman was saying right—that I just call to your attention that never in the history of the Soviet Union has a Soviet leader ever publicly proposed eliminating weapons they already have. And this Soviet leader has. He has talked actually of totally eliminating them. And so the only thing I can say to this is—I know they are difficult to deal with—but all I can say is they're still at the table in Geneva, and the proposals are still there. So, I continue to be optimistic.

Q. I just want to follow up. Do you think you're going to see Mr. Gorbachev again during your term, or do you think he is thinking that he'll wait for the next President to negotiate an arms control agreement?

The President. Well, I have to believe there is reason for optimism, because he himself suggested the Iceland meeting as a forerunner to the summit that was supposed to take place in the United States. And all I can do is recall that when the Soviets, sometime ago, got up and walked out of the Geneva arms meetings, because we were installing medium-range—the Pershings and the cruise missiles in Europe. And they walked out and said, "That does it." Well, they came back.

Q. Do you have a date——

The President. What?

Q. Do you have a date to meet them again?

The President. No, that's what we're waiting for—is for them to give us a date.

Iran-U.S. Relations

Q. Mr. President, going back over your answers tonight about the arms shipments and the numbers of them, are you telling us tonight that the only shipments with which we were involved were the one or two that followed your January 17th finding and, that, whatever your aides have said on background or on the record, there were no other shipments with which the U.S. condoned?

The President. That's right. I'm saying nothing, but the missiles that we sold—and remember, there are too many people that are saying "gave." They bought them.

Andrea [Andrea Mitchell, NBC News]?

Q. Mr. President, to follow up on that: We've been told by the Chief of Staff, Donald Regan, that we condoned—this government condoned—an Israeli shipment in September of 1985, shortly before the release of hostage Benjamin Weir. That was 4 months before your intelligence finding on January 17th that you say gave you the legal authority not to notify Congress. Now, can you clear that up—why this government was not in violation of its arms embargo and of the notification to Congress for having condoned American-made weapons shipped to Iran in September of 1985?

The President. Well, no, I've never heard Mr. Regan say that, and I'll ask him about that. Because we believe in the embargo, and as I say, we waived it for a specific purpose, in fact, with four goals in mind.

Yes.

Q. Can I just follow up on that for a second, sir, because what is unclear to, I think, many people in the American public is why—if you are saying tonight that there will be no further arms shipments to Iran—why you won't cancel the January 17th intelligence finding so that you can put to rest any suggestion that you might again, without notification and in complete secrecy and perhaps with the objection of some of your Cabinet members, continue to ship weapons if you think that it is necessary?

The President. No, I have no intention of doing that, but at the same time, we are hopeful that we're going to be able to continue our meetings with these people, these individuals.

Q. But you won't cancel the intelligence finding?

The President. I don't know whether it's called for or whether I have to wait until we've reported to Congress and all. I don't know just what the technicality legally is on that.

Q. **Yes, Mr. President. Why do you think—its strategic position not withstanding—the American people would ever support weapons to the Ayatollah Khomeini?**

The President. **We weren't giving them to the Ayatollah Khomeini.** It's a strange situation. As I say, we were dealing with individuals, and we believe that those—and some of those individuals are in government, in positions in government. **But it was not a meeting officially of the United States head of state and the Iranian head of state.** But these people, we believed, and their closeness to the Iran military was such that this was necessary to let them know, number one, that we were serious and sincere in our effort about good relations and also that they were dealing with the head of government over here, that this wasn't something coming out of some agency or bureau, that I was behind it.

Q. Well, sir, if that's the case, some have asked that if Libya occupied a strategical position as Iran did, would you then arm Qadhafi and bomb Khomeini?

The President. Believe me, that's about as hypothetical a question as anyone could imagine. The situations are quite different.

Q. Mr. President, you said that you were not swapping—or you did not think you were swapping arms for hostages. But did it ever occur to you, or did it never occur to you, that certainly the Iranians would see it that way and that they might take it as an inducement to take more hostages, especially in light of the fact that they've released three but taken three more?

The President. No, to the best of our knowledge, Iran does not own or have authority over the Hizballah.[1] They cannot order them to do something. It is apparent that they, evidently, have either some persuasion—and they don't always succeed—but they can sometimes persuade or pressure the Hizballah into doing what they did in this instance. And as I say, the Iranian Government had no hostages, and they bought a shipment from us. And we, in turn—I might as well tell you that we, in turn, had said when they wanted to kind of know our position and whether we were trustworthy and all of this—we told them that we did not want to do business with any nation that openly backed terrorism. And they gave us information that they did not. And they said also that they had some evidence that there had been a lessening of this on the part of the Khomeini and the government and that they'd made some progress. As a matter of fact, some individuals associated with terrorist acts had been put in prison there. And so that was when we said, "Well, there's a very easy way for you to verify that if that's the way you feel, and they're being held hostage in Lebanon."

Q. Well, if I can follow up: If your arms shipments had no effect on the release of the hostages, then how do you explain the release of the hostages at the same time that the shipments were coming in?

The President. No, I said that at the time I said to them that there was something they could do to show their sincerity. And if they really meant it that they were not in favor of backing terrorists, they could begin by releasing our hostages. **And as a matter of fact, I believe and have reason to believe that we would have had all five of them by this last weekend, had it not been for the attendant confusion that arose here in the reporting room.**

You don't have your red mittens on.

Q. On that point, you said earlier, and you said just now again, that, but for the publicity, two other hostages would have been returned home by now. As you know, the publicity began in a Syrian-backed, pro-Syrian magazine——

The President. Yes.

Q. ——in Lebanon. My question is, therefore, are you suggesting that someone who was a party to this sabotaged it by deliberately leaking that original report?

The President. To our best information, the leak came from a person in government in Iran and not one of the people that we were dealing with, someone that would be more hostile to us. And that individual gave the story to the magazine, and the magazine then printed the story there in Beirut.

Q. Mr. President, there has been an obvious change in policy towards Iran: from refusing to deal with a terrorist state to even sending weapons as a gesture of good will.

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[1] *Radical Shi'ite group operating in Lebanon.*

Would you consider, in the name of the same geopolitical interest that you invoked with Iran, changing your policy towards Nicaragua?

The President. No, and I believe that I've answered that question, I think, more than once here—that no, we still hold to our position, and Iran officially is still on our list of nations that have been supporting terrorism. But I'm talking about the people that we were doing business with, and they gave us indication and evidence that that policy was changing. And so, as I said, to give them more prestige and muscle there where they were, we made this sale.

Nicaragua

Q. Then, Mr. President, would you consider breaking diplomatic relations with Nicaragua to increase the pressure on the Sandinista government?

The President. No, we have not thought of that, and we still believe very much in supporting the *contras,* because we believe in the *contras* cause. The *contras* have made it plain that all they seek is to be able to put enough pressure on the Sandinista government for that government to negotiate with them and the people of Nicaragua for the kind of government that they altogether had promised when they were fighting the revolution against the Somoza dictatorship. And it was the Sandinistas who, as Communist groups usually do, simply, when the revolution was over, they did everything they could to get rid of their fellow revolutionaries, and they seized power and created a totalitarian Communist State.

Now, the Sandinista—or the *contras* have never proposed overthrowing the government. They have repeatedly offered and said: "We simply want to be able to negotiate and have a chance to have the government installed that we'd promised the Organization of American States we were fighting for." So, I think we continue to help them, but we believe that there is a value in maintaining relations. It gives us a listening post in Nicaragua.

Iran-U.S. Relations

Q. Mr. President, there is a mood in Washington tonight of a President who is very much beleaguered, very much on the defensive. Why don't you seize the offensive by giving your Secretary of State a vote of confidence declaring that all future covert activities will have his support and by shaking up the National Security Council in such a way as to satisfy the concerns in Congress that it has been running a paramilitary operation out of the basement of the White House in defiance of the State Department and the Congress?

The President. The State Department—or the Secretary of State was involved, the Director of the CIA was involved, in what we were doing and, as I said before, there are certain laws in which, for certain actions, I would not have been able to keep them a secret as they were. But these people you've mentioned have been involved—do know what was going on. And I don't see that the action that you've suggested has called for it. But what you've disappointed me the most in is suggesting that I sound defensive up here. I've just been trying to answer all your questions as well as I can. And I don't feel that I have anything to defend about at all. With the circumstances the way they were, the decision I made I still believe was the correct decision, and I believe that we achieved some portion of our goals.

Q. Mr. President, do you believe that any of the additional hostages will be released?

The President. I have to believe that.

Q. And during any of these discussions with your administration, was there ever any hint or suggestion that these weapons might be used to topple the Ayatollah?

The President. No, and I don't see in any way how that could be, with the particular things that we were using. I don't see where the Ayatollah could be a logical target for an antiaircraft missile or even for a TOW missile for that matter.

Q. Mr. President, you made an exception for the arms embargo when you thought it was in the U.S. interest to do so. Why shouldn't other nations ship weapons to Iran when they think it's in their interests?

The President. Well, I would like to see the indication as to how it could be in their interest. I know that there are other nations that feel as we do that the Western World should be trying to find an avenue to get Iran back where it once was—and that is in the family of democratic nations and the family of nations that want peace in the Middle East and so forth.

Q. How, Mr. President—if I may follow up—how does shipping weapons to Iran help bring them back into the community of nations? You've acknowledged that you were dealing with only a small portion of the government?

The President. I was talking of strengthening a particular group who needed the prestige that that could give them, who needed that, well, that bargaining power, themselves, within their own ranks.

Jerry [Jeremiah O'Leary, Washington Times]?

Q. Mr. President, I believe you may have been slightly in error in describing a TOW as a shoulder-mounted weapon. It's a ground-to-ground weapon. Red-eye is the shoulder weapon, but that's beside the point. TOW's are used to destroy tanks.

The President. Yes, I know, Jerry, I know it's a tank weapon.

Q. I don't think it's fired from your shoulder.

The President. Well, now—[*laughter*]—if I have been misinformed, then I will yield on that. But it was my understanding that that is a man-carried weapon, and we have a number of other shoulder-borne weapons.

Q. I did have a question, though. [*Laughter*]

The President. You mean that wasn't a question? [*Laughter*]

Q. No, sir, I thought I knew what a TOW was.

I just wanted to ask you what would be wrong at this stage of the game, since everything seems to have gone wrong that could possibly go wrong, like the Murphy Law, the Reagan Law, the O'Leary Law, this week—what would be wrong in saying that a mistake was made on a very high-risk gamble so that you can get on with the next 2 years?

The President. Because I don't think a mistake was made. It was a high-risk gamble, and it was a gamble that, as I've said, I believe the circumstances warranted. And I don't see that it has been a fiasco or a great failure of any kind. We still have those contacts. We still have made some ground. We got our hostages back—three of them. And so, I think that what we did was right, and we're going to continue on this path.

Federal Aid to the Homeless

Q. Mr. President, Mr. President, please one domestic question, would you please? Sir, this is the question——

The President. Helen, will you yield to this?

Q. This is a question that will not wait. It's cold weather out there, and the growing number of hungry and cold people who are homeless in all of our cities—and these volunteers that you urge to take part in this and try to help have now made their surveys across the Nation. They've come back and said we can't feed the hungry and take care of the homeless by ourselves. We've got to have Federal help. You have no policy in the White House, I believe, to do this, and you're now just leaving this to local government and local groups. They can't take care of it. Won't you please give us a federally coordinated program with long-time planning?

The President. I think that in things of that kind we are still spending more than has ever been spent before trying to help the needy. I will be very pleased to look into that particular facet and see if there is some snafu there, but I don't think so. But I do think that many of these programs are being undertaken at a State and at a local level and with the aid of Federal financing. But I'll look into it.

Q. They're doing a great job, sir, but they simply say themselves—the churches, the nonprofits—we can't do it sufficiently. The number is growing so rapidly. They've got to have Federal help.

The President. No, well, as I'm saying, I'm going to find out, because I think and believe that there is such help. I just read this morning in the paper about a needy family in New York that is being put up in a hotel, and the cost to welfare just for the rent of the hotel room is $37,000 a year. And I wonder why somebody doesn't build them a house for $37,000?

Note: The President's 39th news conference began at 8:01 p.m. in the East Room at the

White House. It was broadcast live on nationwide radio and television.

Before answering the last series of questions, the President addressed Helen Thomas, who as the senior member of the White House press corps indicates when the news conference has ended.

Iran-United States Relations

Statement by the President. November 19, 1986

There may be some misunderstanding of one of my answers tonight. There was a third country involved in our secret project with Iran. But taking this into account, all of the shipments of the token amounts of defensive arms and parts that I have authorized or condoned taken in total could be placed aboard a single cargo aircraft. This includes all shipments by the United States or any third country. Any other shipments by third countries were not authorized by the U.S. Government.

Note: The President's statement refers to his news conference.

The National Floral Emblem of the United States of America
The Rose

Proclamation 5574. November 20, 1986

By the President of the United States of America

A Proclamation

Americans have always loved the flowers with which God decorates our land. More often than any other flower, we hold the rose dear as the symbol of life and love and devotion, of beauty and eternity. For the love of man and woman, for the love of mankind and God, for the love of country, Americans who would speak the language of the heart do so with a rose.

We see proofs of this everywhere. The study of fossils reveals that the rose has existed in America for age upon age. We have always cultivated roses in our gardens. Our first President, George Washington, bred roses, and a variety he named after his mother is still grown today. The White House itself boasts a beautiful Rose Garden. We grow roses in all our fifty States. We find roses throughout our art, music, and literature. We decorate our celebrations and parades with roses. Most of all, we present roses to those we love, and we lavish them on our altars, our civil shrines, and the final resting places of our honored dead.

The American people have long held a special place in their hearts for roses. Let us continue to cherish them, to honor the love and devotion they represent, and to bestow them on all we we love just as God has bestowed them on us.

The Congress, by Senate Joint Resolution 159, has designated the rose as the National Floral Emblem of the United States and authorized and requested the President to issue a proclamation declaring this fact.

Now, Therefore, I, Ronald Reagan, President of the United States of America, do hereby proclaim the rose as the National Floral Emblem of the United States of America.

In Witness Whereof, I have hereunto set my hand this twentieth day of November, in the year of our Lord nineteen hundred and eighty-six, and of the Independence of the United States of America the two hundred and eleventh.

Ronald Reagan

[Filed with the Office of the Federal Register, 11:02 a.m., November 21, 1986]

President's Commission on Executive Exchange

Executive Order 12574. November 20, 1986

ESTABLISHING AN EXPERIMENTAL PROGRAM WITHIN THE PRESIDENT'S COMMISSION ON EXECUTIVE EXCHANGE

By the authority vested in me as President by the Constitution and statutes of the United States of America, including the Ex-

EXHIBIT EM-33

SECRET

EXHIBIT
EM-33

SUBJECT: CIA Airline Involvement

In late November 1985, a CIA proprietary airline was chartered to carry cargo to Iran at the NSC's request. The cargo was described to us as oil drilling spare parts. Although we did not know it at the time, the cargo was actually 18 Hawk missles. The chronolgy of the incident is as follows:

On 22 November ~~1985~~, the NSC contacted the Agency with an urgent request ~~for the name of~~ a discreet, reliable airline that could transport bulky oil-drilling parts to an unspecified destination in the Middle East.

We offered the name of the CIA's proprietary airline as a company which could handle the NSC request. The NSC passed the name of our airline to ~~their intermediary with the Iranians.~~ the Israelis.

In the interim, we contacted our airline and told them that they would be receiving an urgent, legitimate charter request. The NSC intermediary contacted the airline that evening (22 November) and made arrangements for the airline to pick-up the parts [redacted]

The destination was changed to Tel Aviv and two ~~of our airline's~~ Boeing 707's operated by the proprietary arrived in Tel Aviv 23 November. The cargo was ultimately loaded onto only one of the aircraft. Loading was completed by 24 November and the aircraft proceeded to Iran via a stop at [redacted] and then overflying [redacted] At the NSC's request, and for the protection of our aircraft, we helped arrange for the overflight clearances.

To the best of our knowledge, neither the ~~intermediary did not know~~ Israelis nor the Iranians knew that ~~they~~ was dealing with a CIA proprietary, nor did airline personnel know what they were carrying. ~~[illegible]~~ [illegible] out that our airline had hauled Hawk missles into Iran until mid-January when we were told by the Iranians.

The airline was paid by the Israelis the normal commercial rate which amounted to approximately $127,700. I should stress that the airline does a considerable amount of normal business in addition to its support to CIA. It had, in fact, made another unrelated ~~legitimate~~ flight into Tehran carrying commercial items prior to the 22-25 November incident.

Senior CIA management found out about the flight on 25 November. ~~February~~. Although we did not know the nature of the cargo, we thought that any future support of this type to the NSC would require a Finding.

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22 June 1987

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EXHIBIT EM-34

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~~S E C R E T~~

J 6097

SUBJECT: CIA Airline Involvement

In late November 1985, a CIA proprietary airline was chartered to carry cargo to Iran. [redacted] The cargo was described to us as oil drilling spare parts. Although we did not know it at the time, the cargo was actually 18 Hawk missles. The chronolgy of the incident is as follows:

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We offered the name of the CIA's proprietary airline as a company which could handle the NSC request. The NSC passed the name of o~~ur airline~~ to the ~~US intermediary with the Iranians~~. Dealing

Israelis

In ~~the~~ interim, we contacted our airline and told them that they would be receiving an urgent, legitimate charter request. The [redacted] contacted the airline that evening (22 November) and made arrangements for the airline to pick-up the parts in [redacted].

operated by the proprietary

The destination was changed to Tel Aviv and two ~~of our airline's~~ Boeing 707's arrived in Tel Aviv 23 November. The cargo was ultimately loaded onto only one of the aircraft. Loading was completed by 24 November and the aircraft proceeded to Iran via a stop at [redacted] then overflying [redacted] At the NSC's request, and for the protection of our aircraft, we helped arrange for the overflight clearances.

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we and in the NSC

The airline was paid the normal commercial rate which amounted to approximately $127,700. I should stress that the airline does a considerable amount of normal business in addition to its support to CIA. It had, in fact, made a~~nother~~ [illegible] charter ~~legitimate~~ flight into Tehran carrying commercial items prior to the 22-25 November incident.

Senior CIA management found out about the flight on 25 Nov. ~~February~~. Although we did not know the nature of the cargo, we thought that any future support of this type to the NSC would require a Finding.

EXHIBIT
Em-34

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Partially Declassified/Released on 7 July 1987
under provisions of E.O. 12356

~~S E C R E T~~

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EXHIBIT EM-35

EXHIBIT
EM-35

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DCI's Iran Testimony for HPSCI and SSCI
21 November 1986

N 10007

Throughout the Reagan Administration, both the national security community and the intelligence community have been keenly aware and constantly concerned about the geopolitical position and the strategic significance of Iran. Much thought and effort has been devoted to how we might develop contacts and relationships which would provide a better understanding of what is happening there and establish contacts and relationships which might lead to improved relationships later on.

I recall speaking to [redacted] about the importance of our identifying and establishing contact with leaders in a future Iran. [redacted] said that we do not know who will emerge to lead Iran in the future, but that we must gather all the strands and hold them in our hands so that we will be ready. [redacted]

In the early fall of 1985, Bud McFarlane, after one of the weekly meetings which he and his deputy had with me and my deputy, asked me to stay behind. He told me about discussions he had had at the highest levels in Israel urging the desirability of discussions with officials in Iran and offering channels of access. He told me that, for obvious reasons, only a handful of people in the Israeli and American governments were to be told about this effort. I distinctly recall McFarlane emphasizing that the purpose of such discussions would be the future relationships with Iran and Iran's great importance in the East-West and Middle East-Persian Gulf equation.

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Partially Declassified/Released on 9 June 1987
under provisions of E.O. 12356
by [illegible], National Security Council

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CIA's involvement began when the Agency was asked to recommend a reliable airline that could transport bulky oil-drilling parts to an unspecified destination in the Middle East. We recommended a proprietary of ours called [redacted] This little airline regularly took on commercial ventures. Neither the airline nor CIA knew the cargo consisted of 18 Hawk missiles..* When the plane got to Tel Aviv, the pilots were told the cargo was spare parts for the oil fields and was to go into Tabriz. Our [redacted] decided that in order to protect the plane, [redacted] should be asked to get flight clearances into Iran. On 25 November 1985, the plane dropped the cargo in Tehran. To the best of our knowledge, neither the Israelis nor the Iranians knew that they were dealing with a CIA proprietary, nor did airline personnel know what they were carrying. The airline was paid the normal commercial rate which amounted to approximately $127,700. I should stress that the airline does a considerable amount of normal business in addition to its support to CIA. [redacted]

Our Associate Deputy Director for Operations authorized the flight because of the alleged urgency of the requirement. When the Deputy Director was consulted on 25 November, it was decided that we would not provide any future support of flights into Iran in the absence of a finding.

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In the meantime, the Israeli proposal of probing the possibility of discussions with Iranian officials, including making small shipments of arms to establish our good faith and to induce them to use their influence with those holding our hostages, was discussed at one or two meetings of the NSPG principals. There were differences of view about the desirability of this policy, but it was finally decided that it should be cautiously pursued.

On 7 December 1985, Bud McFarlane, then National Security Advisor, met in London with Israeli officials and the Iranian expatriate who was their intermediary to the Iranian government. At this meeting, Mr. McFarlane stated our goals of pursuing the relationship with Iran were these:

-- Devising a formula for reestablishing a strategic relationship with Tehran.

-- Ending the Iran-Iraq War on honorable terms.

-- Convincing Iran to cease its support for terrorism.

-- Helping ensure the territorial integrity of Iran and coordinating ways to counter Soviet activities in the region.

Mr. McFarlane made clear that in this relationship we would expect Iran to use its influence to achieve the release of Western hostages in Lebanon. He also made it clear that we could not and would not engage in trading arms for hostages. This matter was discussed again several times with the President and others in the national security community following the December McFarlane trip.

On 17 January 1986, a Presidential Finding was signed directing the CIA to provide operational and logistical support for a program aimed at (1) establishing a more moderate government in Iran, (2) obtaining intelligence to determine the current Iranian government's intentions with respect to its neighbors and with respect to terrorist acts, and (3) furthering the release of American hostages held in Beirut and preventing further terrorist acts by these groups.

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The Finding stated that the USG would provide moderate elements within and without the government of Iran with arms equipment and related material in order to enhance the credibility of these elements in their efforts to achieve a more moderate government in Iran by demonstrating their ability to obtain resources to defend their country.

In the Finding, the President directed the CIA to refrain from reporting the Finding to the Congress until otherwise directed. The Finding was reviewed and concurred in by the Attorney General.

At the time the Presidential Finding was being drafted, the CIA's Office of General Counsel provided the legal opinion that the President has the authority to withhold prior notice of operations from the Congress. Section 501 of the National Security Act expressly provides that notification of intelligence activities to the Congress shall be provided "to the extent consistent with all applicable authorities and duties, including those conferred by the Constitution."

The Act also states that the Intelligence Committees be informed of activities for which no prior notice was given at the appropriate time as determined by the President. This was [illegible] recognition that extraordinary circumstances could lead the President to conclude that notice of an operation should be withheld, in whole or in part.

The history to the Oversight Act shows that an accommodation recognizing both the President's constitutional responsibility and authority and the Congressional oversight responsibility and authority was reached in this legislative process. The subsequent procedures agreed upon by the DCI and the SSCI on reporting covert action operations provide that advance reporting of such operations would also be subject to the exceptional circumstances contemplated in Section 501 of the National Security Act.

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The President has instructed me to advise you that he determined that the activities authorized by the Finding justified withholding prior notification due to the extreme sensitivity of the dialogue being established. He determined that if the fact of this program became known, those carrying out the dialogue (both U.S. and Iranian) and the American hostages in Lebanon would be put at a greater risk.

There have only been two Findings since the inception of the oversight process ten years ago which have not been briefed to Congress. This is one. The second was the Iranian hostage rescue mission.

Now I would like to explain exactly what activities were undertaken by the CIA in carrying out the directives of this Finding signed on 17 January 1986.

On 5-7 February 1986, U.S. officials (NSC), a representative of the Israeli Prime Ministry (Amiram Nir), and a senior-level Iranian official [redacted] met in Germany. At this meeting, the U.S. side emphasized its desire to enter into a strategic dialogue with the Iranian side. The Iranians [illegible] their [illegible] receive U.S. weapons. The U.S. [illegible] explore this possibility. Working with the Israelis, the following mechanism for transfer of the weapons was established:

-- The Iranian intermediary (Ghorbanifar) would deposit funds in an Israeli account.

-- The funds would then be transferred to a sterile U.S.-controlled account in an overseas bank.

-- Using these funds, the CIA would work with the Army Logistics Command to obtain the materiel.

-- The materiel would then be transported to Israel for future shipment to Iran.

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Using these procedures, $3.7 million was deposited in the CIA account in Geneva on 11 February 1986 for the purchase of 1,000 TOW missiles and associated costs.

On 15 February, Office of Logistics personnel delivered the 1,000 TOW missiles to Kelly Air Force Base. The missiles were then transported to Israel for onward shipment to Iran. CIA was not involved in the transportation of this shipment.

On 19-21 February, U.S. (NSC and CIA) and Iranian officials met again in Germany to discuss problems in arranging a meeting among higher-level officials. At this meeting, the U.S. side agreed to provide 1,000 TOWs to Iran as a clear signal of U.S. sincerity and support for the faction we were talking to. This delivery was commenced on the morning of 20 February and completed in two transits to Tehran on 21 February. Transportation from Israel to Iran was aboard a false flag Israeli aircraft.

On 24 February, the same U.S. officials traveled to Germany where they met with the intermediary and an Iranian government official. At that meeting, the Iranian official provided a list of varying quantities of approximately 240 different spare parts needed for the Hawk missile batteries provided by the USG to Iran during the Shah's reign. The Iranian official asked for USG assistance in obtaining these spare parts as additional proof that this channel had the approval of the highest authority in the USG.

On 25 February, the U.S. officials, as they continued to do in later contacts with the Iranians, provided the Iranians with limited information designed to encourage an Iranian decision to negotiate an end to the war and increase Iranian awareness of the Soviet threat to Iran.

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Throughout March and April, the Office of Logistics worked with DoD to clarify the items on the Iranians' list of spare parts and identify which items were in DoD stocks.

On 7 March, U.S. (CIA and NSC) and Israeli representatives met with the Iranian intermediary in Paris to determine whether any further progress was possible in arranging for a high-level meeting with U.S. and Iranian officials. During these meetings, the intermediary emphasized the deteriorating economic situation in Iran and Iranian anxieties regarding increasing Iraqi military effectiveness.

Based on assurances that we could at last meet face-to-face with top-level Iranian officials, on 15 May the President authorized a secret mission to Tehran by former National Security Advisor McFarlane, accompanied by a CIA annuitant, a CIA communicator, members of the NSC Staff, and the Israeli and Iranian interlocutors.

On 16 May 1986, the Iranians provided $6.5 million through an intermediary for Hawk spare parts and an additional 508 TOW missiles. The receipt of the Iranian funds set into motion arrangements for the planned visit to Iran as follows:

-- The Office of Communications provided secure communication equipment and the services of a communications officer to travel to Iran with the U.S. team
-- The Office of Technical Service was tasked to provide ten [redacted] passports for use by the team and the air crew of the aircraft that would fly from Israel to Tehran. The Iranians insisted on the use of non-U.S. passports [redacted] passports were chosen because the Israeli aircraft used for the journey carried [redacted] registration numbers.

-- The Office of Logistics assembled the available Hawk missile spare parts at Kelly Air Force Base. The parts were then transported to Israel by a private contractor (Southern Air Transport).

-- The Office of Logistics delivered 508 TOW missiles to Kelly Air Force Base for onward shipment to Israel by private contractor (Southern Air Transport).

On 25 May, the U.S. team traveled to Tehran via Israel. The CIA provided two members of the team--a communications officer and a Farsi speaking annuitant with considerable experience in Iranian affairs. The annuitant provided translation services and advice to the team. He continued to be involved in subsequent meetings with Iranian representatives.

The U.S. team brought a single aircraft pallet of Hawk missile spare parts with them to Tehran at the time of the meeting. However, it was decided that the greater portion of the spare parts would stay in Israel for later delivery to Iran pending further progress in establishing the dialogue. We understand that these spare parts were ultimately delivered to Iran.

The 25-29 May meetings were held with high-level Iranian officials, the first direct contact between the two governments in over six years. Mr. McFarlane and his team were able to establish the basis for a continuing relationship and clearly articulate our objectives, concerns, and intentions. The group was also able to assess first-hand the internal political dynamic in Tehran and the effect of the war on Iran. Using Presidentially-approved Terms of Reference, which had been reviewed and approved by appropriate Cabinet officers, McFarlane emphasized that our interest in Iran transcended the hostages, but the continued detention of hostages by a Lebanese group philosophically aligned with Iran prevented progress. During the visit, Mr. McFarlane made clear:

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-- that we fundamentally opposed Iranian efforts to expel us from the Middle East;

-- that we firmly opposed their use of terrorism;

-- that we accepted their revolution and did not seek to reverse it;

-- that we had numerous other disagreements involving regional policies (i.e., Lebanon, Nicaragua, etc.), but might also find areas of common interest [redacted] through dialogue.

On 19 September, three Iranians traveled to the U.S. for detailed discussions with the U.S. team. These discussions reaffirmed the basic objectives of the U.S. in seeking a political dialogue with Tehran.

Throughout August and September, numerous additional meetings were held in Europe between U.S. representatives and the new Iranian contacts in an effort to develop the dialogue authorized by the Presidential Finding.

On 6 October, these Iranians traveled to Frankfurt for meetings with the U.S. team. [redacted]

On 26 October, more meetings were held in Frankfurt with the same participants. [redacted]

The Iranians proffered, and the U.S. accepted, the offer of a Soviet T-72 tank [redacted] That tank should be in our hands shortly.

On 2 November, the Iranians provided $2.037 million and the Office of Logistics procured 500 more TOW missiles from DoD.

These missiles were delivered by the Office of Logistics to Kelly Air Force Base on 6 November. A USAF C-141 aircraft carried the missiles to [redacted] where they were transshipped by a CIA air proprietary aircraft which carried the missiles to Israel.

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This brings the record of CIA involvement in these activities authorized by the 17 January 1986 Presidential Finding up to date as of the present time. We should note that none of the weapons came from CIA stocks.

We have received no requests to acquire any more material of any type for shipment to Iran under this program.

I would like to reiterate that the funds for the procurement of the material enumerated above, as well as for all associated costs, were provided by the Iranians themselves. Funding from Iran was transferred to CIA for deposit in a covert funding mechanism. This action provided secure means for control, payment, and accountability of all funding associated with this program. The Iranian funds, a total of $12,237,000, were deposited into a special account in a Swiss bank.

The only costs incurred by the CIA in this activity were expenses for the travel of CIA officers involved in the various meetings, the costs of hotel [redacted] operational support [redacted] amounting to approximately $48,000. The costs for this support have been charged against normal operational accounts. Since all travel by CIA officials is routinely charged to such accounts, to do otherwise in the case of the trips undertaken during this program would have compromised the security of the activities.

Let me make it perfectly clear that it was apparent to all that this initiative was a controversial one. Even those of us who supported going forward understood that it was a close call and a risky operation. There were no illusions.

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Was it a reasonable call? Yes, I think it was. As the health of Khomeini has declined over the past year, we have seen an increase in factional infighting in Tehran. This infighting has been sharpened by severe economic problems, as well as the war with Iraq. There have been numerous arrests. This factional infighting has implications for both the United States and the Soviet Union. It was the Administration's judgment that any powerful Iranian faction seeking to reestablish ties with the west and willing to attempt to curtail Iranian support for terrorism was worth talking to.

It was in that context that the judgment was made that providing a small amount of defensive weapons would give this faction some leverage in the internal struggle by suggesting that there were advantages in contacts with the west.

As I stated earlier, Iran is not going to go away. Its geographic and strategic positions guarantee that it will remain a geopolitical force which the U.S. will have to deal with. If we do not establish ties to the various Iranian factions now we will be faced with the problem of doing so later. It is that simple.

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EXHIBIT EM-36

EXHIBIT
EM-36

DCI's Iran Testimony for HPSCI and SSCI
21 November 1986

For the last five years, both the national security community and the intelligence community have been keenly aware and constantly concerned about the geopolitical position and the strategic significance of Iran. Much thought and effort has been devoted to how we might develop contacts and relationships which would provide a better understanding of what is happening there and establish contacts and relationships which might lead to improved relationships later on.

I recall speaking to [redacted] about the importance of our identifying and establishing contact with leaders in a future Iran. [redacted] we do not know who will emerge to lead Iran in the future, but that we must gather all the strands and hold them in our hands so that we will be ready. [redacted]

In the early fall of 1985, Bud McFarlane, after one of the weekly meetings which he as National Security Advisor and his deputy had with me and my deputy, asked me to stay behind. He told me about discussions he had had at the highest levels in Israel urging the desirability of discussions with officials in Iran and offering channels of access. He said that, for obvious reasons, only a handful of people in the Israeli and American governments knew about this effort. McFarlane emphasized that the purpose of such discussions would be the future relationships with Iran and Iran's great importance in the East-West and Middle East-Persian Gulf equation.

[redacted] July 8, 1987

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CIA's involvement began in late November when the Agency was asked to recommend a reliable airline that could transport bulky cargo to an unspecified location in the Middle East. The requirement specified that it be reliable and able to move fast. A proprietary of ours which regularly took on commercial ventures was designated. When the plane got to Tel Aviv, the pilots were told the cargo was spare parts for the oil fields and was to go into Tabriz. Our [redacted] decided that in order to protect the plane, [redacted] should be asked to get flight clearances into Iran. This was done. On 25 November 1985, the plane dropped the cargo in Tehran. To the best of our knowledge, neither the Israelis nor the Iranians knew that they were dealing with a CIA proprietary. The airline was paid the normal commercial rate which amounted to approximately $127,700.

All this was authorized by our Associate Deputy Director for Operations. I was out of the country at the time and the Deputy Director, then in charge, approved the flight as an urgent mission in keeping with the proprietary's normal business. But he directed that we would not provide any future flights into Iran in the absence of a Finding.

In the meantime, the Israeli proposal of probing the possibility of discussions with Iranian officials, including making small shipments of arms to establish our good faith and to induce them to use their influence with those holding our hostages, was discussed at one or two meetings of the NSPG principals in December and January. There were differences of view about the desirability of this policy, but it was decided that it should be cautiously pursued.

On 7 December 1985, Bud McFarlane, then National Security Advisor, met in London with Israeli officials and the Iranian expatriate who was their intermediary to the Iranian government. At this meeting, Mr. McFarlane stated our goals of pursuing the relationship with Iran were these:

-- Devising a formula for reestablishing a strategic relationship with Tehran.

-- Ending the Iran-Iraq War on honorable terms.

-- Convincing Iran to cease its support for terrorism.

-- Helping ensure the territorial integrity of Iran and coordinating ways to counter Soviet activities in the region.

Mr. McFarlane made clear that in this relationship we would expect Iran to use its influence to achieve the release of Western hostages in Lebanon. He also made it clear that we could not and would not engage in trading arms for hostages. This matter was discussed again several times with the President and others in the national security community following the December McFarlane tr

On 17 January 1986, a Presidential Finding was signed directing the CIA to provide operational and logistical support for a program aimed at three objective (1) establishing a more moderate government in Iran, (2) obtaining intelligence to determine the current Iranian government's intentions with respect to its neighbors and with respect to terrorist acts, and (3) furthering the release of American hostages held in Beirut and preventing further terrorist acts by these groups.

The Finding stated that the USG would provide moderate elements within and without the government of Iran with arms, equipment and related materiel in order to enhance the credibility of these elements in their efforts to achieve a more moderate government in Iran by demonstrating their ability to obtain resources to defend their country.

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In the Finding, the President directed the CIA to refrain from reporting the Finding to the Congress until otherwise directed. The Finding was reviewed and concurred in by the Attorney General.

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The Act also states that the Intelligence Committees be informed of activities for which no prior notice was given at the appropriate time as determined by the President. This was a clear recognition that extraordinary circumstances could lead the President to conclude that notice of an operation should be withheld, in whole or in part.

The history to the Oversight Act shows that an accommodation recognizing both the President's constitutional responsibility and authority and the Congressional oversight responsibility and authority was reached in this legislative process. The subsequent procedures agreed upon by the DCI and the SSCI on reporting covert action operations provide that advance reporting of such operations would also be subject to the exceptional circumstances contemplated in Section 501 of the National Security Act.

The President has instructed me to advise you of his conclusion that the activities authorized by the Finding justified withholding prior notification due to the extreme sensitivity of the dialogue being established. He determined

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that if the fact of this program became known, those carrying out the dialogue (both U.S. and Iranian) and the American hostages in Lebanon would be put at a greater risk.

There have only been two Findings since the inception of the oversight process ten years ago which have not been briefed to Congress. This is second. The first was the Iranian hostage rescue mission of 1980.

Now I would like to explain exactly what activities were undertaken by the CIA in carrying out the directives of this Finding of 17 January 1986.

On 5-7 February 1986, U.S. officials (NSC), a representative of the Israeli Prime Ministry, and a senior-level Iranian official met in Germany. At this meeting, the U.S. side emphasized its desire to enter into a strategic dialogue with the Iranian side. The Iranians raised their desire to receive U.S. weapons. The U.S. agreed to explore this possibility. Working with the Israelis, the following mechanism for transfer of the weapons was established:

-- The Iranian intermediary would deposit funds in an Israeli account.

-- The funds would then be transferred to a sterile U.S.-controlled account in an overseas bank.

-- Using these funds, the CIA would work with the Army Logistics Command to obtain the materiel.

-- The materiel would then be transported to Israel for future shipment to Iran.

Using these procedures, $3.7 million was deposited in the CIA account in Geneva on 11 February 1986 for the purchase of 1,000 TOW missiles and associated costs.

On 15 February, Office of Logistics personnel delivered the 1,000 TOW missiles to Kelly Air Force Base. The missiles were then transported to Israel for onward shipment to Iran. CIA was not involved in the transportation of this shipment.

On 19-21 February, U.S. (NSC and CIA) and Iranian officials met again in Germany to discuss problems in arranging a meeting among higher-level officials. At this meeting, the U.S. side agreed to provide 1,000 TOWs to Iran as a clear signal of U.S. sincerity and support for the faction we were talking to. This delivery was commenced on the morning of 20 February and completed in two transits to Tehran on 21 February. Transportation from Israel to Iran was aboard a false flag Israeli aircraft.

On 24 February, the same U.S. officials traveled to Germany where they met with the intermediary and an Iranian government official. At that meeting, the Iranian official provided a list of varying quantities of approximately 240 different spare parts needed for the Hawk missile batteries provided by the USG to Iran during the Shah's reign. The Iranian official asked for USG assistance in obtaining these spare parts as additional proof that this channel had the approval of the highest authority in the USG.

On 25 February, the U.S. officials, as they continued to do in later contacts with the Iranians, provided the Iranians with limited information designed to encourage an Iranian decision to negotiate an end to the war and increase Iranian awareness of the Soviet threat to Iran.

Throughout March and April, the Office of Logistics worked with DoD to clarify the items on the Iranians' list of spare parts and identify which items were in DoD stocks.

On 7 March, U.S. (CIA and NSC) and Israeli representatives met with the Iranian intermediary in Paris to determine whether any further progress was possible in arranging for a high-level meeting with U.S. and Iranian officials. During these meetings, the intermediary emphasized the deteriorating economic situation in Iran and Iranian anxieties regarding increasing Iraqi military effectiveness.

Based on assurances that we could at last meet face-to-face with top-level Iranian officials, on 15 May the President authorized a secret mission to Tehran by former National Security Advisor McFarlane, accompanied by a CIA annuitant, a CIA communicator, members of the NSC Staff, and the Israeli and Iranian interlocutors.

On 16 May 1986, the Iranians provided $6.5 million through an intermediary for Hawk spare parts and an additional 508 TOW missiles. The receipt of the Iranian funds set into motion arrangements for the planned visit to Iran as follows:

-- The CIA Office of Communications provided secure communication equipment and the services of a communications officer to travel to Iran with the U.S. team

-- The CIA Office of Technical Service was tasked to provide ten [redacted] passports for use by the team and the air crew of the aircraft that would fly from Israel to Tehran. The Iranians insisted on the use of non-U.S. passports. [redacted] passports were chosen because the Israeli aircraft used for the journey carried [redacted] registration numbers.

-- The Office of Logistics assembled the available Hawk missile spare parts at Kelly Air Force Base. The parts were then transported to Israel by a private contractor.

-- The Office of Logistics delivered 508 TOW missiles to Kelly Air Force Base for onward shipment to Israel by private contractor.

On 25 May, the U.S. team traveled to Tehran via Israel. The CIA provided two members of the team--a communications officer and a Farsi speaking annuitant with considerable experience in Iranian affairs. The annuitant provided translation services and advice to the team. He continued to be involved in subsequent meetings with Iranian representatives.

The U.S. team brought a single aircraft pallet of Hawk missile spare parts with them to Tehran at the time of the meeting. However, it was decided that the greater portion of the spare parts would stay in Israel for later delivery to Iran [redacted] dialogue. We understand [redacted]

The 25-29 May [redacted] officials, the first direct contact between the two governments in over six years. Mr. McFarlane and his team were able to establish the basis for a continuing relationship and clearly articulate our objectives, concerns, and intentions. The group, in its discussions and observations, was also able to assess first-hand the internal political dynamic in Tehran and the effect of the war on Iran. Using Presidentially-approved Terms of Reference, which had been reviewed and approved by appropriate Cabinet officers, McFarlane emphasized that our interest in Iran transcended the hostages, but the continued detention of hostages by a Lebanese group philosophically aligned with Iran prevented progress. During the visit, Mr. McFarlane made clear:

-- that we fundamentally opposed Iranian efforts to expel us from the Middle East;
-- that we firmly opposed their use of terrorism;
-- that we accepted their revolution and did not seek to reverse it;
-- that we had numerous other disagreements involving regional policies (i.e., Lebanon, Nicaragua, etc.), but might also find areas of common interest [redacted] through dialogue.

On 19 September, three Iranians traveled to the U.S. for detailed discussions with the U.S. team. These discussions reaffirmed the basic objectives of the U.S. in seeking a political dialogue with Tehran.

Throughout August and September, numerous additional meetings were held in Europe between U.S. representatives and the new Iranian contacts in an effort to develop the dialogue authorized by the Presidential Finding.

On 6 October, those Iranians traveled to Frankfurt for meetings with the U.S. team. [redacted]

On 26 October, more meetings were held in Frankfurt with the same participants. [redacted]

The Iranians proffered, and the U.S. accepted, the offer of a Soviet T-72 tank [redacted]

On 2 November, the Iranians provided $2.037 million and the Office of Logistics procured 500 more TOW missiles from DoD.

Those missiles were delivered by the Office of Logistics to Kelly Air Force Base on 6 November. A USAF C-141 aircraft carried the missiles to [redacted] where they were transshipped by a CIA air proprietary aircraft which carried the missiles to Israel.

This brings the record of CIA involvement in these activities authorized by the 17 January 1986 Presidential Finding up to date as of the present time.

In summary, a total of 2,008 TOW missiles along with various Hawk missile spare parts have been delivered under the Finding of 17 January 1986. 1,000 TOWs were delivered in February 1986; 508 in May 1986; and 500 in November 1986. We should note that none of the weapons came from CIA stocks.

We have received no requests to acquire any more material of any type for shipment to Iran under this program.

I would like to reiterate that the funds for the procurement of the materiel enumerated above, as well as for all associated costs, were provided by the Iranians themselves. Funding from Iran was transferred to CIA for deposit in a covert funding mechanism. This action provided secure means for control, payment, and accountability of all funding associated with this program. The Iranian funds, a total of $12,237,000, were deposited into a special account in a Swiss bank.

The only costs incurred by the CIA in this activity were expenses for the travel of CIA officers involved in the various meetings, the costs of hotel rooms [redacted] and operational support [redacted] amounting to approximately $48,000. The costs for this support have been charged against normal operational accounts. Since all travel by CIA officials is routinely charged to such accounts, to do otherwise in the case of the trips undertaken during this program would have compromised the security of the activities.

I am confident that my testimony is complete as to the basic facts of CIA's involvement, but let me assure you that we are still combing our records and will promptly report any new information that comes to light.

Let me make it perfectly clear that it was apparent to all that this initiative was a controversial one. Even those of us who supported going forward understood that it was a close call and a risky operation. There were no illusions.

Was it a reasonable call? Yes, I think it was. As the health of Khomeini has declined over the past year, we have seen an increase in factional infighting in Tehran. This infighting has been sharpened by severe economic problems, as well as the war with Iraq. There have been numerous arrests. This factional infighting has implications for both the United States and the Soviet Union. It was the Administration's judgment that any powerful Iranian faction seeking to reestablish ties with the West and willing to attempt to curtail Iranian support for terrorism was worth talking to.

It was in that context that the judgment was made that providing a small amount of defensive weapons would give this faction some leverage in the internal struggle by suggesting that there were advantages in contacts with the West.

As I stated earlier, Iran is not going to go away. Its geographic and strategic positions guarantee that it will remain a geopolitical force which the U.S. will have to deal with. If we do not establish ties to the various Iranian factions now we will be faced with the problem of doing so later. It is that simple.

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EXHIBIT EM-37

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11/20/86 2000
(Historical Chronology)

#7

U.S./IRANIAN CONTACTS AND THE AMERICAN HOSTAGES

From the earliest months following the Islamic revolution in Iran, the U.S. Government has attempted to reestablish official contact with that government in order to discuss strategic developments in this critical part of the world and reconstruct a working relationship. Even before President Reagan came to office the U.S. Government agreed to try to expand security, economic, political, and intelligence relationships at a pace acceptable to Tehran. In the fall of 1979, the U.S. undertook three secret missions to Tehran:

-- September 1979 - [redacted] (met secretly with Bazargan at the request of the Iranians)

-- October 1979 - [redacted]

-- October-November 1979 - [redacted] (discussed normalization of relations)

When these meetings and the secret November 1, 1979 meeting in Algiers, between Brzezinski and Prime Minister Bazargan, became public in Iran, they helped precipitate the takeover of the U.S. Embassy by radical elements and led to the resignation of the Bazargan government. These events have adversely influenced Iran's subsequent willingness to engage in any direct contact with the USG.

Despite mutual difficulties involved in reestablishing normal relations, our strategic interests in the Persian Gulf mandate persistent efforts to establish a dialogue. In this regard, it is notable that only a few major countries do not have relations with Iran -- Egypt, Jordan, Morocco, Israel, South Africa, and the United States. Even Iraq continues to have diplomatic relations with Iran.

Iran is the key to a region of vital importance to the West, yet it is increasingly threatened by growing Soviet military power and political influence along its borders and inside its territory. Over the course of the last two years, the Soviets and their surrogates have moved actively to gain greater influence in the Gulf:

-- The Soviets believe that once Khomeini dies, they will have an excellent opportunity to influence the formation of a government in Tehran that serves Soviet strategic interests in the area.

EXHIBIT
EM-37

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Partially Declassified/Released on 5 May 87
under provisions of E.O. 12356
by [illegible] Reger, National Security Council

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-- Communist nations have become the principal arms suppliers to Iran -- making Iran dependent on this source of supply in contending with an increasingly strengthened Iraq. This leads us to the conclusion that the Soviets may well be attempting to pursue their own revolution in Iran. That is, by fueling both sides in the conflict, the Soviets could well encourage a disastrous "final offensive" by Iran that would precipitate a political disintegration in Iran, leaving a power vacuum which the Soviets could exploit. Specifically, the indicators of Communist influence in Iran are:

[redacted]

The increasing desperation brought on by the costs of the Iran-Ira war has exacerbated Iran's vulnerability to Soviet influence. Moreover, Soviet designs in Afghanistan, pressure on Pakistan, and actual crossborder strikes in Iran from Afghanistan have made reopening a strategic dialogue increasingly important.

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In short, the Soviets were far better positioned to improve significantly their influence in the region in 1985 when we were presented with an opportunity to open a dialogue with Iran. In deciding to exploit this opening, we evaluated previous efforts through more conventional channels which had not succeeded.

About two years ago, senior Iranian officials apparently decided that some accommodation with the U.S. was necessary. Since 1983, various countries have been engaged in overtures to the U.S. and Iran in an effort to stimulate direct contact between the two countries. [redacted] Turkey have all attempted to serve as interlocutors in this [redacted] However, internal splits and debates made it difficult for the Iranians to respond to these overtures.

Numerous individuals and private parties have likewise attempted to be helpful as intermediaries in establishing contact in Iran or in seeking Iranian assistance in the release of our citizens held hostage in Lebanon. [redacted]

In the spring of 1985, a private American citizen (Michael Ledeen) learned from an Israeli government official (David Kimche) that the Israelis had established a liaison relationship with an Iranian expatriate (Manuchehr Ghorbanifar) in Europe who sought Israeli help in establishing contact with the U.S. Government. In acknowledging the need to demonstrate the bonafides of the Iranian officials involved, he (Ghorbanifar) indicated that his "sponsors" in Tehran could also help to resolve the American hostage situation in Beirut.

In June of 1985, in the midst of the TWA-847 hijacking, the Israeli officials in direct contact with the Iranian expatriate asked him to use his influence with senior Iranian officials to obtain the release of the hijacked passengers. Two days after this approach, four Americans held separately from the rest of the hijacked passengers were freed and turned over to Syrian authorities. [redacted] Speaker Rafsanjani, [redacted] time, and Iranian [redacted] intervened [redacted] the captors. Rafsanjani, in his speech on November 4, 1986, for the first time publicly acknowledged his role in this matter.

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Verbatim McF chrono with word edits

On July 3, 1985, during a visit to Washington, an Israeli official (Kimche) advised National Security Advisor, Robert McFarlane, that Israel had established a channel of communication with authoritative elements in Iran who were interested in determining whether the United States was open to a discreet, high-level dialogue. The Iranians were described as comprising the principal figures of the government (i.e., Speaker of the Majlis Rafsanjani, Prime Minister Musavi, and Khomeini's heir-apparent, Ayatollah Montazeri) and as being devoted to a reorientation of Iranian policy.

At this first meeting, McFarlane went to great length to draw out the Israeli as to why he found the Iranian proposal credible, given the events of the past six years. The Israeli replied that their exhaustive analysis had gone beyond the surface logic deriving from the chaos and decline within Iran and the degenerative effects of the war, to more concrete tests of the willingness of the Iranians to take personal risks. He noted that the Iranians had exposed themselves to possible compromise by meeting with Israelis and by passing extremely sensitive intelligence on the situation (and political line-up) within Iran -- information which was [illegible] valid.

The Israeli asked for our position on opening such a dialogue. No mention was made of any preconditions or Iranian priorities. McFarlane conveyed this proposal to the President (in the presence of the Chief of Staff). The President said that he believed such a dialogue would be worthwhile at least to the point of determining the validity of the interlocutors. This decision was passed to the Israeli diplomat by telephone on July 30.

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On August 2, 1985, the Israeli called again on McFarlane. At this meeting, he stated that he had conveyed our position to the Iranian intermediary and that the Iranians had responded that they recognized the need for both sides to have tangible evidence of the bona fides of the other and that they believed they could affect the release of the Americans held hostage in Lebanon.

added

According to the Israeli, the Iranians separately stated that they were vulnerable as a group and before having any prospect of being able to affect change within Iran they would need to be substantially strengthened. To do so, they would need to secure the cooperation of military and/or Revolutionary Guard leaders. Toward this end, they expressed the view that the most credible demonstration of their influence and abilities would be to secure limited amounts of U.S. equipment. The Israeli asked for our position on such actions.

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Mr. McFarlane elevated this proposition to the President at a meeting within days that included the Secretaries of State and Defense and the Director of Central Intelligence. The President stated that, while he could understand that assuming the legitimacy of the interlocutors, they would be quite vulnerable and ultimately might deserve our support to include tangible materiel; at the time, without any first hand experience in dealing with them, he could not authorize any transfers of military materiel. This was conveyed to the Israeli.

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On August 22, 1985, the Israeli diplomat called once more to report that the message had been conveyed and that an impasse of confidence existed. He asked what the position of the U.S. Government would be to an Israeli transfer of modest quantities of defensive military materiel. McFarlane replied that to him, such an action would represent a distinction without a difference. The Israeli diplomat explained at great length that Israel had its own policy interests that would be served by fostering such a dialogue in behalf of the U.S., but that a problem would arise when ultimately they needed to replace items shipped. He asked whether Israel would be able to purchase replacements for items they chose to ship. McFarlane stated that the issue was not the ability of Israel to purchase military equipment from the U.S. -- they had done so for a generation and [illegible] in the future -- but rather the issue was whether it [illegible] U.S. policy to ship or allow others to ship military equipment to Iran. The Israeli asked for a position from our government. McFarlane elevated the question to the President (and to the Secretaries of State and Defense and the Director of Central Intelligence). The President stated that, while he could envision providing materiel support to moderate elements in Iran if all the Western hostages were freed, he could not approve any transfer of military materiel at that time. This position was conveyed to the Israeli diplomat.

On September 14, 1985, Reverend Benjamin Weir was released in Beirut by the Islamic Jihad Organization. This release was preceded by an intense effort on the part of Mr. Terry Waite, the Special Emissary of the Archbishop of Canterbury. To this date, Mr. Waite remains the only Westerner to ever meet directly with the Lebanese kidnappers. [redacted]

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In late September, we learned that the Israelis had transferred 508 TOW missiles to Iran and that this shipment had taken place in late August. The Israelis told us that they undertook the action, despite our objections, because they believed it to be in their strategic interests. The Israelis managed this entire operation, to include delivery arrangements, funding, and transportation. After discussing this matter with the President, it was decided not to expose this Israeli delivery because we

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wanted to retain the option of exploiting the existing Israeli channel with Tehran in our own effort to establish a strategic dialogue with the Iranian government. The total value of the 508 TOWs shipped by Israel was estimated to be less than $2 million.

On October 4, 1985, Islamic Jihad announced that it had "executed" Beirut Station Chief William Buckley in retaliation for the October 1 Israeli air raid on PLO installations in Tunis. This announcement led to a series of meetings in Europe among the U.S. (CIA and NSC), Israeli, and Iranian intermediaries. In these meetings, the Iranians indicated that, while their ability to influence the Hizballah was waning, the Hizballah had not killed Buckley; he had in fact died several months earlier of natural causes. We have since substantiated this information in debriefs of Father Jenco and David Jacobsen, both of whom indicate that Buckley probably died on June 3, 1985 of pneumonia-like symptoms.

In mid-November, the Israelis, through a senior officer in the Foreign Minister's office (Kimche), indicated that the Government of Israel was convinced that they were nearing a breakthrough with Iran on a high-level dialogue. The Israeli contacted a U.S. official (North) and asked for the name of a European-based airline which could discreetly transit to Iran for the purpose of delivering passengers and cargo. He specifically noted that neither a U.S. carrier nor an Israeli affiliated carrier could be used. We were assured, at the time, that the Israelis were going to "try oil drilling parts as an incentive," since we had expressed so much displeasure over the earlier TOW shipment. The name of the proprietary [redacted] was passed to the Israeli, who subsequently had the aircraft chartered through normal commercial contract for a flight from Tel Aviv to Tabriz, Iran, on November 25, 1985. The Israelis were unwitting of the CIA's involvement in the airline and the airline was paid at the normal commercial charter rate (approximately $127,700). The airline personel were also unwitting of the cargo they carried.

→ In January, we learned that the Israelis, responding to urgent entreaties from the Iranians, has used the proprietary aircraft to transport 18 HAWK missiles to Iran in an effort to improve the static air defenses around Tehran. Our belated awareness that the Israeli's had delivered HAWK missiles raised serious U.S. concerns that these deliveries were jeopardizing our objective of arranging a direct meeting with high-level Iranian officials. As a consequence of U.S. initiative and by mutual agreement of all three parties, these missiles were returned to Israel in February 1986.

On December 7, the President convened a meeting in the White House (residence) to discuss next steps in our efforts to establish direct contact with the Iranians. Attending the

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meeting were the Chief of Staff, Secretaries of State and Defense; the Deputy Director of Central Intelligence, and the Assistant to the President for National Security Affairs and his Deputy. Immediately after the meeting, Mr. McFarlane departed for London to meet with the Israeli official and the Iranian contact to make clear the nature of our interest in a dialogue with Iran. At this meeting, Mr. McFarlane, as instructed by the President, stated that:

-- the U.S. was open to a political dialogue with Iran, but that no such dialogue could make progress for as long as groups seen as dominated by Iran held U.S. hostages; and

-- the U.S. could under no circumstances transfer arms to Iran in exchange for hostages.

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These points were made directly to the Iranian interlocutor. The Iranian replied that, unless his associates in Tehran were strengthened, they could not risk going ahead with the dialogue. Mr. McFarlane acknowledged the position but stated we could not change our position. In a separate meeting with the Israeli official, Mr. McFarlane made clear our strong objections to Israeli weapons shipments to Iran. Following these meetings, Mr. McFarlane returned to Washington and shortly thereafter left active government service.

On January 2, the Prime Minister of Israel dispatched a special emissary to the U.S. (Amiram Nir) to review proposals for next steps in dealing with Iran. The Israelis urged that we reconsider the issue of providing limited defensive arms to those attempting to take power in Tehran, since all other incentives (economic assistance, medical supplies, machine parts) were of no value in shoring-up those who wanted an opening to the West. Admiral Poindexter noted our stringent objections to the HAWK missile shipments in November and noted that the U.S. would have to act to have them returned (a step undertaken in February, when all 18 missiles were returned to Israel). In that any implementation of the Israeli proposals would require the active participation of the intelligence community, the NSC Staff (North) was tasked to prepare a covert action finding. Work on this Presidential finding commenced on January 4.

On January 6, the President, the Vice President, the Chief of Staff, and the National Security Advisor and his assistant reviewed the first draft of the Finding and the recommendations made by the Prime Minister of Israel through his special emissary.

On January 7, the President met in the Oval Office with the Vice President, the Chief of Staff, Secretaries Shultz and Weinberger, Attorney General Meese, Director Casey, and the National Security

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Adviser to discuss the overall situation in Iran and prospects for a strategic dialogue. It was again noted that Mr. McFarlane, on return from his trip to London, had recommended that no further action be taken unless a mechanism could be established by which the U.S. could exert better control over events. He agreed, in principle, with Director Casey that providing limited quantities of defensive arms after the hostages were released still had merit. Both Secretary Shultz and Secretary Weinberger objected to any provision of arms, citing that we could not be sure that these would really help moderate elements and that, if exposed, the project would not be understood by moderate Arabs and would be seen as contravening our policy of not dealing with states that support terrorism. The President decided that we should attempt to keep the Israeli channel active as long as it offered possibilities for meetings with high-level Iranian officials and left open the issue of providing defensive arms to Iran if all the hostages were released.

It was further determined by the President that any dialogue with the Iranians must be aimed at achieving the following goals:

-- Devising a formula for re-establishing a strategic relationship with Tehran.

- Ending the Iran-Iraq War on honorable terms.

- Convincing Iran to cease its support for terrorism and radical subversion.

- Helping ens[illegible] the terri[illegible] integrity of Iran and coordinating ways in whi[illegible]ight counter Soviet activities in the region.

The President made clear that a Western dialogue with Iran would be precluded unless Iran were willing to use its influence to achieve the release of Western hostages in Beirut. He also made clear that we could not and would not engage in trading arms for hostages. Secretaries Shultz and Weinberger retained their original position on providing any amrs to Iran, but Attorney General Meese and Director Casey both supported the concept as a valid means of opening the dialogue. Attorney General Meese noted a 1981 determination by then Attorney General French Smith that transferring small quantities of arms through third countries under a Covert Action Finding was not illegal.

[redacted]

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On January 16, a meeting was held in the National Security Adviser's office with Secretary Weinberger, Attorney General Meese, Director Casey, and CIA General Counsel Stanley Sporkin. At this meeting, the final draft of the Covert Action Finding was reviewed and was forwarded to the President with Secretary Weinberger dissenting.

On January 17, 1986, the President approved a Covert Action Finding (Tab A) directing that the intelligence community proceed with special activities aimed at accomplishing the goals set forth above. The President futher determined that the activities authorized by the Finding justified withholding prior Congressional notification due to the extreme sensitivity of the dialogue being established. He further noted that public knowledge of the program would place the American hostages in Lebanon at greater risk. Noting his concern for the lives of those carrying out the operation (both U.S. and foreign), he directed that the Director of Central Intelligence refrain from reporting the Finding to the appropriate committees of the Congress until reasonably sure that those involved would no longer be in jeopardy.

On February [redacted] a representative [redacted], and a senior-level [redacted]

B. [redacted]-et in London. At this meeting, the Iranians agreed that, if the USG would provide defensive weapons (TOWs) to Iran, [redacted] The U.S. side agreed to explore this possibility and, working with the Israelis, established the following mechanism for transfer of the weapons:

- -- The Iranian intermediary (Ghorbanifar) would deposit funds in an Israeli account.
- -- The Israelis would transfer funds to a sterile U.S.-controlled account in an overseas bank.
- -- Using these funds, the CIA would covertly obtain materiel authorized for transfer from U.S. military stocks and transport this to Israel for onward movement to Iran.

Using the procedures stipulated above, $3.7 million was deposited in the CIA account in Geneva on February 11, 1986 and on February 14, 1,000 TOWs were transported to Israel for pre-positioning. These TOWs were transferred by CIA from DOD (U.S. Army stocks in Anniston, Alabama) and transported through [redacted] using standard CIA-DOD [redacted] logistics arrangements. Policy-level coordination for these arrangements was effected by NSC (North) with DOD (Armitage) and CIA (Clair George). The TOWs were placed in a covert Israeli facility awaiting onward shipment.

On February 19-21, U.S. (NSC and CIA), Israeli and Iranian officials met in Germany to discuss problems in arranging a meeting among higher-level officials. At this meeting, the Iranians committed [redacted] After coded authorization was received from Washington, the U.S. side agreed to provide 1,000 TOWs to Iran as a clear signal of U.S. sincerity. This delivery was commenced on the morning of February 20 and completed in two transits to Tehran on February 21. Transportation from Israel to Iran was aboard a false flag Israeli aircraft. On the return flight from Iran, these aircraft carried the 18 HAWK missiles which Israel had sent to Tehran in November 1985 with USG aforeknowledge.

[redacted]

On February 24, U.S. (CIA and NSC) officials met again in Frankfurt with the Israeli and Iranian officials to discuss next steps. At this meeting, the U.S. side urged that the Iranians expedite a meeting among higher-level officials on both sides.

On February 28, the Prime Minister of Israel wrote to President Reagan (Tab B) urging continued efforts to achieve a strategic breakthrough with Iran, but asking consideration for the safety of recently seized Israeli hostages.

On March 7, U.S. (CIA and NSC) and Israeli representatives met with the Iranian intermediary in Paris to determine whether any further progress was possible in arranging for a high-level meeting with U.S. and Iranian officials. During these meetings, the intermediary emphasized the deteriorating economic situation in Iran and Iranian anxieties regarding increasing Iraqi military effectiveness.

The escalation of tensions with Libya, leading up to the April 14 strike, prevented further dialogue from taking place until the Iranians urged the intermediary (Ghorbanifar) to accelerate the effort in late April, 1986. At that point, the Iranian expatriate advised us through the Israeli point-of-contact that the leadership in Tehran was prepared to commence a secret dialogue with the United States along the lines of our established goals. We believe that the Iranians were stimulated to renew the contact by the April 17 murder of hostage Peter Kilburn [redacted] in retaliation for the U.S. raid on Libya. [redacted]

The Iranian expatriate told the NSC and CIA officers, who met with him in Europe at the end of April, that the Iranians did not wish to be accused of any culpability in Kilburn's death. [redacted]

On May 6, 7, 1986, U.S. and Israeli officers met in London with the Iranian intermediary in which he urged that we take immediate steps to arrange for a high-level U.S./Iranian meeting in Tehran. During the London meeting, the Iranian urged that we (U.S. and Israel) act urgently to help with Iranian air defense. He emphasized that the Iraqi Air Force was increasingly effective of late and that the Iranians were desperate to stop attacks on population centers. The Israelis also used this opportunity to privately ask the U.S. to replace the 508 TOWs which they had sent to Iran in August, 1985.

Based on assurances that we could at last meet face-to-face with top-level Iranian officials, on May 15, the President authorized a secret mission to Tehran by former National Security Advisor McFarlane, accompanied by a CIA annuitant, CIA communicators, members of the NSC staff, and the Israeli and Iranian interlocutors. The Israelis were informed via coded message on May 15 that the U.S. had agreed to the Iranian request for limited anti-air defense equipment and to replenish the 508 TOWs sent by Israel.

On May 16, the Iranians, through the Israelis provided $6.5M for deposit in the CIA secure funding mechanism. The funds were used to acquire 508 TOW missiles (for replenishing the TOWs Israel shipped in September 1985) and acquiring HAWK missile electronic spare parts. This material was subsequently moved to [redacted] repackaged and shipped to Kelly AFB for onward movement to Israel on May 22. As in the February shipment, the CIA provided logistics support for the movement of this materiel to Israel.

In order to ensure operational security, the McFarlane trip was made from Israel, coincident with the delivery of a pallet of spare parts for Iranian defensive weapons systems (HAWK spare

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electronic parts). At the specific request of the Iranians, alias foreign documentation [redacted] obtained from the CIA -- was used. CIA also provided covert transportation support from CONUS to Israel for the McFarlane party. The group was transported from Israel to Tehran aboard an Israeli Air Force 707 with false flag markings.

In the course of the four-day (May 25-28) visit, lengthy meetings were held with high-level Iranian officials, the first direct contact between the two governments in over six years. Mr. McFarlane and his team were able to establish the basis for a continuing relationship and clearly articulate our objectives, concerns, and intentions. The group was also able to assess first hand the internal political dynamic in Tehran and the effect of the war which Iran clearly can no longer win. Using Presidentially approved Terms of Reference (Tab B), which had been reviewed and approved by appropriate Cabinet officers, McFarlane emphasized that our interest in Iran transcended the hostages, but the continued detention of hostages by a Lebanese group philosophically aligned with Iran prevented progress. During the visit, Mr. McFarlane made clear:

-- that we fundamentally opposed Iranian efforts to expel us from the Middle East;

-- that we firmly opposed their use of terrorism;

-- that we accepted their revolution and did not seek to reverse it;

-- that we had numerous other disagreements involving regional policies (i.e., Lebanon, Nicaragua, etc.), but might also find areas of common interest (i.e., Afghanistan and the Soviet threat to the Gulf) through dialogue.

During these meetings, both sides used the opportunity to detail the obstacles to implementing a strategic relationship between the two countries. In addition to the points noted above, Mr. McFarlane emphasized the political problems caused by Iranian involvement in the hostage issue. The Iranians objected to the USG embargo on U.S. military supplies already paid for plus the continued USG blocking of Iranian assets in the U.S., even after U.S. courts had ruled in their favor. During the course of these meetings, the Iranian officials admitted that they could not win the war, but were in a dilemma in Tehran over how to end the conflict given the need to present an Iranian "victory" before it could be concluded. They emphasized that the original aggressor, Saddam Hussein, must be removed from power in order for the war

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to end. Mr. McFarlane concluded the visit by summarizing that notwithstanding Iranian interest in carrying on with the dialogue, we could not proceed with further discussions in light of their unwillingness to exert the full weight of their influence to cause the release of the Western hostages in Lebanon.

On June 10, Majlis Speaker Rafsanjani, in a speech in Tehran made guarded reference to Iranian interest in improved relations with the U.S. On July 26, Father Lawrence Jenco was released in the Bekka Valley and found his way to a Syrian military checkpoint.

On August 3, the remaining three pallets (less than ½ planeload) of electronic parts for Iranian anti-aircraft defenses (HAWK missile sub-components) arrived in Tehran. As in all flights to/from Iran this delivery was made with an Israeli Air Force aircraft (707) using false flag markings. Timing of the delivery was based on coordination among U.S., Israeli and Iranian officials.

In early August 1986, the contact with the Iranian expatriate began to focus exclusively on the willingness of the USG to provide military assistance to Iran in exchange for hostages and we sought to establish different channels of communication which would lead us more directly to pragmatic and moderate elements in the Iranian hierarachy. In mid-August, a private American citizen (MGEN Richard Secord, USAF (Ret.)) acting within the purview of the [redacted] made contact in Europe with [redacted] with the assistance of the C.I.A. This Iranian [redacted] was brought covertly to Washington for detailed discussions. We judged this effort to be useful in establishing contact with a close confidant of the man judged to be the most influential and pragmatic political figure in Iran (Rafsanjani). These discussions reaffirmed the basic objectives of the U.S. in seeking a political dialogue with Tehran. We also provided assessments designed to discourage an Iranian offensive and contribute to an Iranian decision to negotiate an end to the war. The assessments also detailed the Soviet threat to Iran.

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Through August, September, and October 1986, numerous additional meetings were held in Europe between U.S. representatives and the new Iranian contacts. During the October 26, 1986 meeting in Frankfurt, Germany, the U.S. side, as in the past, insisted that the release of the hostages was a pre-requisite to any progress. The Iranian [redacted] urged that we take a more active role in support for the Afghan resistance [redacted]

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The Iranians also proffered, and the U.S. accepted, the offer of a Soviet T-72 tank [redacted] The Iranians have also offered to provide a copy of the 400 page interrogation of Beirut Station Chief William Buckley. At this meeting, [redacted] stated that there was a "very good chance that another American or two would be freed soon." On October 29, with U.S. acquiescence, Israel provided Iran with an additional increment of defensive weapons (500 TOW missiles).

C. Late on October 31, [redacted] (Hakim) tasked to maintain contact called the U.S. citizen and advised that Iran had "exercised its influence with the Lebanese" in order to obtain the release of an American -- David Jacobsen -- and an uncertain number of French hostages. He further noted that this would be part of the purpose of the Iranian Foreign Minister's visit to Syria -- an event we became aware of on November 1, 1986. [redacted] stated that the situation in Tehran, as well as Iranian influence over Hizballah were both deteriorating. [redacted] On November 2, David Jacobsen was released by his captors near the old American Embassy compound in West Beirut. The U.S. Embassy in East Beirut immediately dispatched an embassy officer to West Beirut to pick up Mr. Jacobsen.

It is now apparent that persistent U.S. efforts to establish contact with Iran and subsequent public speculation regarding these contacts have probably exacerbated the power struggle in Iran between pragmatic elements (led by Rafsanjani) and more radical factions (under the overall sponsorship of Ayatollah Montazeri). In late October, radical supporters (of Montazeri) revealed the (Rafsanjani) contact with the USG and the terms of the contact. In order to defend himself against charges of colluding with the USG and to preserve a degree of latitude for both parties, Majlis Speaker Rafsanjani provided a purposely distorted version of the May 1986 McFarlane mission in his November 4 address to the masses. Moderate Iranian political leaders apparently now feel constrained to settle their internal political problems before proceeding with the U.S. relationship. The revelations in Tehran regarding the McFarlane mission are demonstrable evidence of the internal power struggle. The October 1986 arrest of radical leader Mehdi Hashemi, a close confidant and son-in-law of Ayatollah Montazeri, for acts of terrorism and treason has caused further internal conflict.

Resolution of the Lebanon hostage situation is also complicated by waning Iranian influence in Lebanon due in part to financial constraints and the fact that the Libyans are expanding their

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contacts with more radical Hizballah elements. [redacted]

On November 7, the day after a meeting with U.S. officials, Iranian government authorities arrested six other individuals involved in radical activities. Among the two were senior military officers and a Majlis deputy (Ahmad Kashani), the grandson of Ayatollah Kashani, a conspirator in the 1949 attempt against the Shah.

Despite these internal difficulties and attendant publicity in the Western media, the Iranians continue to maintain direct contact with the USG and met again in Geneva on November 9-10 with NSC and CIA representatives. [redacted] the two principal Iranian contacts continue to communicate with the U.S. [redacted] the Iranians still intend to deliver the T-72 tank [redacted] "positive statement" will be made in the near future by Rafsanjani. [redacted] Both [redacted] have warned that further disclosures could harm them personally and the longer-term interests of the two countries.

It is important to note that since the initiation of the USG contact with Iran there has been no evidence of Iranian government complicity in acts of terrorism against the U.S. We do not know who seized the last three American hostages in Beirut (Messrs. Reed, Cicippio, and Tracy). The Islamic Jihad Organization (IJO) has disclaimed responsibility -- as have our Iranian interlocutors. [redacted] It is possible that these three Americans were kidnapped at the direction of Iranian radicals

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loyal to the now imprisoned Mehdi Hashemi. If so, this could be an effort to undermine the nascent U.S.-Iranian strategic dialogue and exacerbate the internal Iranian power struggle against the pragmatic faction with which we have been in contact.

Throughout this process, the USG has acted within the limits of established policy and in compliance with all U.S. law. The shipment of 2,008 U.S. TOWs and 235 HAWK missile electronic spare parts was undertaken within the provisions of a Covert Action Finding.

During the course of this operation -- and before -- the U.S. was cognizant of only three shipments from Israel to Iran. Specifically:

-- The Israelis acknowledged the August 1985 shipment of 508 TOWs after it had taken place. Until we were advised by the Israelis, and had the information subsequently confirmed by Iranian authorities, we were unaware of the composition of the shipment. We subsequently agreed to replace these TOWs in May of 1986.

-- The November 1985 shipment of 18 Israeli HAWK missiles was not an authorized exception to policy. This shipment was retrieved in February 1986 as a consequence of U.S. intervention.

-- The October 1986 shipment of 500 TOWs from Israel to Iran was undertaken with U.S. acquiescence. These TOWs were replaced on November 7.

In support of this Finding and at the direction of the President, the CIA provided the following operational assistance:

-- CIA communications officers and an annuitant to assist in various phases of the operation.

-- Sterile overseas bank accounts for financial transactions.

-- A secure transhipment point for the dispatch of U.S. military items from the U.S.

-- Transhipment of military items from the U.S. to Israel.

-- Communications and intelligence support for the meetings with Iranian officials and the McFarlane trip to Tehran in May.

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Cong Meeting with House - Briefing [illegible] ([illegible])

- GC-CIA Opinion on Withholding Info - Jan. 1985
- Iran meeting - President's Office - decision not to inform Cong.
- CIA proprietary flight - Cong. said CIA did not know cargo
  US Iran and [illegible] [illegible] did not know its [illegible]
- Lot of discussion on Section 501(a) and 501(b)
- Finding - Iran meeting - Schultz present
- [illegible] - Schultz expressed [illegible] to policy, but not on its [illegible]
- US proposed findings: Specific [illegible] [illegible] to [illegible]

[redacted] - [illegible] - passages

- 3,000 organizations - CIA related [illegible] [illegible]
- However: [illegible] are "offensive" [illegible] CIA [illegible] [illegible] HAWKS [illegible] - plane
- Analogy: [illegible] are "defensive" [illegible] CIA [illegible] [illegible] HAWKS were - plane
- Spirit of ~~[illegible]~~ constitutional perception of Pres
- Speaker: Raised 5 GC's of Foreign Assist Act - [illegible] on Sect. 501 of Nat'l Sec Act

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under provisions of E.O. 12356
By B. Reger, National Security Council

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- Iranian leaders in arms were probably instrumental - [illegible]

Pre-1986 shipments
- Sept.-Aug 1985 - 508 TOWs
- Nov 1985 - 18 Hawks [illegible] [illegible] CIA proprietary made shipment

Things to work out:
1) Arrangements for acquiring equip
2) Channeling of funds
3) How much of profits came [illegible]
   a) Clarify [illegible]
   b) [illegible]
   c) [illegible] to Contras

NSC Docs. - Iran

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- Situation Room Note - 11/21/86
  U.S. sales of arms to Iran 1985-6 = $12.3 M

[redacted] - 11/9/86
Operation of hostage release done by NSC [illegible]
St "not involved"

NSC - Nov 14, 1986 Memo
So Far Transcript - [illegible]
[illegible]
[illegible]
[illegible]
[illegible]

Chronology - [illegible]

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Part T - 2562
Bob Earl

McFarland
Ledeen
Poindexter
North

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UNCLASSIFIED 11/22/86

p.1

Document Review - Iran Hostage Project (NSC)

① Reminder - from Sable - Nov 18, '86 (NSC)
  a) Schedule of hearings
  b) Likely Qs:
    i) laws re: prior notification to Cong. < Arms Exp. A
    ii) "timeliness" issue <Nat'l Sec. Act>
    iii) expenditure of funds + by whom < Hughes-Ryan
      · funding thresholds
    iv) NSC involvement in covert operation
      · CIA knowledge
    v) Israeli involvement
      · NSC/WH - pre-Jan '86 shipments by Israel

② May 17, 1985 CIA Memo
  a) Weinberger = "absurd"

③ Background and Chronology of Special Project
  a) USG actively sought hostage release since '84
  b) looked to factions in Iranian gov't thought to have influence with Hizballah
  c) Ledeen approached NSC = late '84
    · Ledeen introduced to Kimche + Nimrodi - introduced to Gorbanifar
    · Ledeen introduced Gorbanifar to NSC ?
  d) Throughout '85 NSC ? contacts with Ledeen, Gorbanifar and Israelis (Amiram Nir)

[illegible]
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1, p 2
Doc. Review (No.
Iran Hostage
Project

e) Sept. 1985, CIA asked by NSC to provide [redacted]

- NSC informed CIA that Ghorbanifar and [redacted] were involved

f) Sept 14, 1985, Weir release. Same time, Israelis delivered 508 Tows to Iranians

- No USG funds - NSC ? [illegible]
- Ghorbanifar came up with $5m USD [redacted] financing
  Iranian to acquire

g) NSC "arranged for Israel to [illegible] 18 complete Hawk missiles to Iran": = wrong [illegible] ~~[illegible]~~

- Done: Nov '85

h) Dec '85: McFarlane out; Poindexter in = Ledeen out, North :

i) Jan '86: Finding - Pres approved

j) "NSC delivers 1000 TOWs to Iran Feb '86

k) Tow missiles - 508 replenished May 23 - sent back ?

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(i) McFarlane's meeting = Tehran - May 25-27. "no progress"

(ii) Spare parts delivered = June - 3 Aug '86

iii) Father Jenco released.

iv) Aug 3, pick up of remainder of Hawk spare parts - picked up at Kelly AFB

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EXHIBIT
38A

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System # ______
Package # ______
N 7417

	SEQUENCE TO	HAS SEEN	DISPOSITIC
Paul Thompson			
[redacted]			
John Poindexter	1	J	
[redacted]			
Bud Mc[redacted]	2	M	A
[redacted]			
NSC Secretariat	[redacted]		
Situation Room			
JP [redacted]	3		

A = Action R = Retain D = Dispatch N = No further Ac

cc: VP Meese [redacted] Deaver Other ______

COMMENTS Should be seen by: ______
(Date/Time)

597

Bud:

I have told Clive to plan to [redacted]

Confirm when he calls me in the morning. Please call me after you have read this.
J

[redacted]

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21 Nov 86 STAFF MTG

1

Weld: How long AG to carry legal load alone — various Acts involved.

JRB: Focus Cooper, etc — as develops

AG: → ⊛ **Weld:** CRM Dn. needs to be informe for impact on other cases

1

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under provisions of E.O. 12356
by B. Reger, National Security Council

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EXHIBIT EM-40

11/21/86 – McFarlane – AG – CJC

AG – need the facts – total chronology.
AG recaps
1st contact by Kimche –

M. – July 3 – M, K, others from Isr. ([redacted]) met re this in M's office
July 30 – Kimche phones M. to set up Aug mtg
Aug. 2 – K, M meet in Wash.
(K – director-gen. of For. Ministry)

→ K. said Iranian made contacts w/ K, & rep'd elements of Iran seeking chg in policy & int'ed in establ'ing contact w/ U.S. Iran's econ. declining, Soviets on border, etc. Fundamentalist drive bad, they said.

mid-July (18th?): M. briefed P. in hosp. w/ Don Regan.

K. thought the Iranians were legit b/c had taken risks to prove their b.f.

K. said a q.p.q. in terms of military supp. would eventually be necessary.

~~no mention of weapons till 2d meeting.~~

The Iranians might be able to influence hostage situat

Aug 2 – M told K that Pres. int'd in dialogue, but cautious re any weapons – maybe at some pt later, but not now. – K understood but suggested that Is. provide arms. Is. its

EXHIBIT
EM-40

would be further (M [redacted] suspected Isr. had already)
K mentioned replenishment; M said no diff. from
direct U.S. → Iran. – only Rabin, + Peres
aware of chat, not [redacted]. No partic. type
of arms mentioned.
M. acknowledged that Isr. would later be able

M. Ledeen – periodically would tell M. that he was going
somewhere (Is.) & should he rept if Is had
contacts w/ Ir. – M said of course.

after 2d K-M meeting Ledeen gave M
confirmatory info re Isr / Iran channel.

M thinks he talked w/ G. Schultz in July or Aug. re
these matters – Pres. remembers meeting w/
Family Group in hosp. – or in residence – P in
pajamas.
M. doubts that Pres called [redacted] when Weir released.

N. may have talked w/ [redacted] at about that time.
M. knows of no arms talks between N + [redacted].

M. guesses he learned of 508 TOWs from Ledeen
M briefed P. – Cap., G.S., Casey, present, M
thinks. At time M. told it was 400 TOWs.
[illegible]

that it hadn't worked out that way (all hostages). No issue of Arms E.C.A. came up; bc/ we weren't providing arms directly to Iran (per E.O.) - clear that must report direct transfer. No one mentioned that Is → Ir. arms would vio. A.E.C.A.

M. knows of no one in U.S.G. who had contac w/ Is. re transfer of 508 TOWs.

Dec. 7 - W.H. meeting. - afterwards M, N, went to London + met w/ K, Ghorbanifar (?), who described his associates. Said they were vulnerable, needed arms to reach out to military, their support. - no mention of kind of arms - M said no arms.

Nov. - Hawks -

M thinks he first learned of it when briefed for trip to Iran - May.

Iran sent back Hawks bc/ couldn't reach hi - altitude bomber.

N - briefed M - he was action - officer on this beginning Oct or Nov.

v. 16 or 17 At summit in Geneva learned that Isr. had shipped oil equipment. Rabin called from N.Y. & said: they have a problem w/ shipment to Iran. M asked N to assist. N rept'd back that Isr. hit snag in customs in [redacted], & that it may take a call to Prime Min. – a couple of days later he talked w/ I. – M. said it was an important project & would appreciate his assistance. M. remembers no mention in all this of arms.

M. didn't know this involved procuring a plane; doesn't remember chat w/ G.S., but probably had one.

between Thanks
+ Dec 4 -- K visits Wash. to urge M. not to resign. (which had been rumored). M said U.S. it'd – polit. meeting/ -- M doesn't remember talk re TOWs , or other arms, but if was, M reaffirm our refusal.

Dec. 7 – M said we should [redacted] provide arms
no talk re problem w/ arms already given by Isr.

Then M, N. went to London.
No recall of talk w/ N. re resolution of [redacted] problem.

M. now asks "was CIA involved, (in Nov. matter cos)

3097

[redacted] Dec London meeting – Iranian said need arms to strengthen his associates. – M said no can do – .

separate [redacted] meeting just w/ K. +N – said disturbed about TOWs – can't approve it.

M briefed P. upon return – recommended that we not do business w/ this Iranian – shady, no training, was not looking at our larger scope of int., but just arms.

No one in London suggested link between the [redacted] 508 TOWS + Weir's release.

G.S. came to M. cabin in Oct. weekend before 24th + M suggested that he was thinking of resigning. — M told P. in late Nov. – Resigned Dec. 4 effective end of month.

Dec. 11. – M reported the London meeting to Pres.

[redacted] No decision by USG to go forward w/ an arms relationship w/ Ir. when M. left.

M. came back in in Apr. to be contact w/ Iran in May – was made aware of Finding in April. Was made aware of arms angle in phone calls from Poin. or N. [redacted] when he [illegible]

go to Iran — ~~[illegible]~~
On plane to Iran, N(?) told M nitty-gritty of arms transfers. M expressed dismay; the hostages were
but no details re replenishment, etc.

George Cave was along on trip: interpreter
[redacted]

M. flew on charter plane – Ramstein(?) – got a new plane to Tel Aviv → then got on cargo 707 to Tehran. – None were U.S military planes.
Had a , but no Bible. – N. brought the cake.
There 4 days.

2 CIA communicators were along.

Iranians upped the ante for release of ~~K~~ Kuwaitis
M ~~said~~ they were in bad faith, bc/ welshed on deal.
deal was all hostages (when M arrived) for 3 shipments of materiel (had spare Hawk parts w/ him).

No showing? Rafsanjani [redacted]. met w/ M on last day.
~~[illegible]~~

3099

[redacted]

M reported the trip -- & said we should have nothing further to do w/ them. Wait on them to come to us.

Iran took the parts, wouldn't give them back.

George Cave

Cap. opposed replacing 508 TOWS - M didn't oppose.

EXHIBIT EM-41

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```
<HEADER>
\MSG FROM: NSJMP    --CPUA      TO: NSPBT    --CPUA              11/22/86 16:56:3
 To: NSPBT    --CPUA      PAUL THOMPSON

                                          -- SECRET --
 NOTE FROM: JOHN POINDEXTER
<SUBJECT>
 Subject: HFAC
<TEXT>
 fyi
 *** Forwarding note from NSRCM    --CPUA      11/21/86 21:01 ***
 To: NSJMP    --CPUA

 *** Reply to note of 11/21/86 19:12

                                          -- SECRET --
 NOTE FROM: ROBERT MCFARLANE
 Subject: HFAC
 Roger John. You must must be pretty well drained after the sessions with the
 Intel committees. That's not a terribly uplifting experience! I did it a tie
 or two for Ollie. I spent a couple of hours with Ed Meese today going over t
 record with him. The only blind spot n my part concerned a shipment in
 November '85 which still doesn't ring a bell with me.

 But it appears that the matter of not notifying about the Israeli transfers
 can be covered if the President made a "mental finding" before the transfers
 took place. Well on that score we ought to be ok because he was all for
 letting the Israelis do anything they wanted at the very first briefing in t
 hospital. Ed seemed relieved at that. CAroline tells me that she has arrange
 for me to meet with the HFAC on Dec 8that 2:00pm. They want it to be closed
 but for the record. I don't mind either way but will be guided by whatever y
 all prefer.
```

N 19124

[redacted]

6May198

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EXHIBIT

EM-41

[redacted]

(353)

EXHIBIT EM-42

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INTERVIEWS (21 Nov 86)

Mc Farlane

Shultz

North

Mc Mahon

Sporkin

CIA Assoc Dep Dir for Opns (authorized flight in Nov 85)

Thompson

Weinberger

VP

[redacted] (Dep Gen Counsel, CIA)

Op 1 + 2

Charles Allen

[redacted]

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by B. Reger, National Security Council

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ACTION

(21 Nov 86)

1. [redacted]

✓2. JMP { ✓Every document, telephone logs, etc / ✓Contact person - Paul Thompson ? / ✓What did GPS give to or show AG ? — Telecon 21 Nov 86 3pm

✓3. Bolton: briefing of Hill friends re law on prior consults 2pm 21 Nov 86

4. Who did pilot tell about knowing cargo involved weapon

5. Who at CIA and NSC had knowledge of Nov 85 airplane situation

✓6. Casey { ✓Hearings / ✓Interview of Sporkin + McMahon

✓7. DTR - Sunday Talk Shows via JMP (above telecon)

✓8. call CWW

✓9. Craig Fuller re VP

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EXHIBIT EM-43

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EXHIBIT
Em-43

Fri. 21 Nov 86

9^{15} - 10^{45} am	AG, AHB, WBR, CJC, JR	AG o/c
11^{30} - 12^{15}	AG, Regan	WH
	RR, Regan, Poin, AG	
12^{40} - 12^{45}	AG, TE, JR (press inquiries)	DOJ
12^{45} Lunch	AG, WBR, CJC, JR	DOJ
1^{45} - 2^{15}	AG, Webster	AG ofc
2^{25} - 2^{55}	AG, WBR, JRB, CJC, TE, JR (Bolton debrief Intell. hearings)	AG ofc
2^{55} - 3	AG, Poin. (telephone secure)	
3^{30} - 5^{35}	AG, CJC, McFarlane	AG ofc.
6^{25} - [redacted]	AG, CJC, WBR, JR (JRB present 6^{30} - 6^{35}) (CJC out 6^{45})	

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Sat 22 Nov 86

$8 - 9^{20}$ am	AG, CJC, Shultz, Charlie Hill	
$9^{45} - 10$ am	AG, CJC	AG ofc
10 am –	AG, CJC, JR, WBR	AG ofc
Lunch $1^{45} - 3^{15}$	AG, WBR, CJC, JR	Old Ebbitt
7^{15}	JR, WBR depart NSC ofcs.	

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Sun.
23 Nov 86

10^{45} JR/WBR at NSC ofc.

12^{40} – 2pm AG, CJC, WBR, JR AG o/c

2^{15} pm – 5^{55} pm AG, CJC, WBR, JR, North AG o/c
(4^{05} AG out)
until 5^{55} pm).

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Mon. 24 Nov 86

7^{20} – 7^{50} am AG, WBR, CJC, TKC, JR

12^{05} – 1^{30} Lunch AG, WBR, CJC, TKC, JR (ck?) DOJ-

1^{40} VP

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25 Nov 86

6^{40-45} am AG, Casey — Casey residence
7^{30}-^{45} am AG, Poin. — AG ofc
~ $8^{:15}$ or 8^{00} AG, Regan, CJC, JR
Thomas, Wallison

9 AG, RR, Regan
9^{30} " " " , Poin.
10^{15} Cabinet [illegible] brfng
11 Cong briefing
12 press brfng.

2^{05} pm AG, Webster, AIB, CJC, JR
TKC, WBR (SST joined at 2^{20}) — AG ofc

6^{40} pm AG, AIB, SST, TKC, WBR, CJC, JR
Weld, JRB (Korten til 6^{50})
-Hill update + press update
-Legal issues (crim liab.)

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14 Nov 86

2-2^{15} Ledeen/AG AG ofc.

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EXHIBIT EM-44

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RELEASE OF AMERICAN HOSTAGES IN BEIRUT N 590

Background. In June 1985, private American and Israeli citizens commenced an operation to effect the release of the American hostages in Beirut in exchange for providing certain factions in Iran with U.S.-origin Israeli military materiel. By September, U.S. and Israeli Government officials became involved in this endeavor in order to ensure that the USG would:

-- not object to the Israeli transfer of embargoed materiel to Iran;

-- sell replacement items to Israel as replenishment for like items sold to Iran by Israel.

On September ~~14~~ 3, the Israeli Government, with the endorsement of the USG, transferred 508 basic TOW missiles to Iran. Forty-eight hours later, Reverend Benjamin Weir was released in Beirut.

Subsequent efforts by both governments to continue this process have met with frustration due to the need to communicate our intentions through an Iranian expatriate arms dealer in Europe. In January 1986, under the provisions of a new Covert Action Finding, the USG demanded a meeting with responsible Iranian government officials.

On February 20, a U.S. Government official met with [redacted] the first direct U.S.-Iranian contact in over five years. At this meeting, the U.S. side made an effort to refocus Iranian attention on the threat posed by the Soviet Union and the need to establish a longer term relationship between our two countries based on more than arms transactions. It was emphasized that the hostage issue was a "hurdle" which must be crossed before this improved relationship could prosper. During the meeting, it also became apparent that our conditions/demands had not been accurately transmitted to the Iranian Government by the intermediary and it was agreed that:

-- The USG would establish its good faith and bona fides by immediately providing 1,000 TOW missiles for sale to Iran. This transaction was covertly completed on February 21, using a private U.S. firm and the Israelis as intermediaries.

-- A subsequent meeting would be held in Iran with senior U.S and Iranian officials during which the U.S. hostages would be released.

-- Immediately after the hostages were safely in our hands, the U.S. would sell an additional 3,000 TOW missiles to Iran using the same procedures employed during the September 1985 transfer.

~~TOP SECRET~~ ~~TOP SECRET~~ SENSITIVE

Declassify: OADR

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EXHIBIT
EM-44

In early March, the Iranian expatriate intermediary demanded that Iranian conditions for release of the hostages now included the prior sale of 200 PHOENIX missiles and an unspecified number of HARPOON missiles, in addition to the 3,000 TOWs which would be delivered after the hostages were released. A subsequent meeting was held with the intermediary in Paris on March 8, wherein it was explained that the requirement for prior deliveries violated the understandings reached in Frankfurt on February 20, and were therefore unacceptable. It was further noted that the Iranian aircraft and ship launchers for these missiles were in such disrepair that the missiles could not be launched even if provided.

[redacted] From March 9 until March 30, there was no further effort undertaken on our behalf to contact the Iranian Government or the intermediary. On March 26, [redacted] made an unsolicited call to the phone-drop in Maryland which we had established for this purpose. [redacted] asked why we had not been in contact and urged that we proceed expeditiously since the situation in Beirut was deteriorating rapidly. He was informed by our Farsi-speaking interpreter that the conditions requiring additional materiel beyond the 3,000 TOWs were unacceptable and that we could in no case provide anything else prior to the release of our hostages. [redacted] observed that we were correct in our assessment of their inability to use PHOENIX and HARPOON missiles and that the most urgent requirement that Iran had was to place their current HAWK missile inventory in working condition. In a subsequent phone call, we agreed to discuss this matter with him and he indicated that he would prepare an inventory of parts required to make their HAWK systems operational. This parts list was received on March 28, and verified by CIA.

Current Situation. On April 3, Ari Gorbanifahr, the Iranian intermediary, arrived in Washington, D.C. with instructions from [redacted] to consummate final arrangements for the return of the hostages. Gorbanifahr was reportedly enfranchised to negotiate the types, quantities, and delivery procedures for materiel the U.S. would sell to Iran through Israel. The meeting lasted nearly all night on April 3-4, and involved numerous calls to Tehran. [redacted] A Farsi-speaking CIA officer in attendance was able to verify the substance of his calls to Tehran during the meeting. Subject to Presidential approval, it was agreed to proceed as follows:

-- By Monday, April 7, the Iranian Government will transfer $17 million to an Israeli account in Switzerland. The Israelis will, in turn, transfer to a private U.S. corporation account in Switzerland the sum of $15 million.

UNCLASSIFIED ~~TOP SECRET~~ N 592

-- On Tuesday, April 8 (or as soon as the transactions are verified), the private U.S. corporation will transfer $3.651 million to a CIA account in Switzerland. CIA will then transfer this sum to a covert Department of the Army account in the U.S.

-- On Wednesday, April 9, the CIA will commence procuring $3.651 million worth of HAWK missile parts (240 separate line items) and transferring these parts to [redacted] This process is estimated to take seven working days.

[redacted]

-- On Friday, April 18, a private U.S. aircraft (707B) will pick-up the HAWK missile parts at [redacted] and fly them to a covert Israeli airfield for prepositioning (this field was used for the earlier delivery of the 1000 TOWs). At this field, the parts will be transferred to an Israeli Defense Forces' (IDF) aircraft with false markings. A SATCOM capability will be positioned at this location.

-- On Saturday, April 19, McFarlane, North, Teicher, Cave, [redacted] and a SATCOM communicator will board a CIA aircraft in Frankfurt, Germany, enroute to Tehran. [redacted]

-- On Sunday, April 20, the following series of events will occur:

  - U.S. party arrives Tehran (A-hour) -- met by Rafsanjani, as head of the Iranian delegation.

  - At A+7 hours, the U.S. hostages will be released in Beirut.

  - At A+15 hours, the IDF aircraft with the HAWK missile parts aboard will land at Bandar Abbas, Iran.

Discussion. The following points are relevant to this transaction, the discussions in Iran, and the establishment of a broader relationship between the United States and Iran:

-- The Iranians have been told that our presence in Iran is a "holy commitment" on the part of the USG that we are sincere and can be trusted. There is great distrust of the U.S. among the various Iranian parties involved. Without our presence on the ground in Iran, they will not believe that we will fulfill our end of the bargain after the hostages are released.

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-- [redacted] Gorbanifahr specifically mentioned that Qhadhaffi's efforts to "buy" the hostages could succeed in the near future. Further, the Iranians are well aware that the situation in Beirut is deteriorating rapidly and that the ability of the IRGC to effect the release of the hostages will become increasingly more difficult over time.

-- We have convinced the Iranians of a significant near term and long range threat from the Soviet Union. We have real and deceptive intelligence to demonstrate this threat during the visit. They have expressed considerable interest in this matter as part of the longer term relationship.

-- [redacted]

-- The Iranians have been told that their provision of assistance to Nicaragua is unacceptable to us and they have agreed to discuss this matter in Tehran.

-- We have further indicated to the Iranians that we wish to discuss steps leading to a cessation of hostilities between Iran and Iraq. [redacted]

-- The Iranians are well aware that their most immediate needs are for technical assistance in maintaining their air force and navy. We should expect that they will raise this issue during the discussions in Tehran. Further conversation with Gorbanifahr on April 4, indicates that they will want to raise the matter of the original 3,000 TOWs as a significant deterrent to a potential Soviet move against Iran. They have also suggested that, if agreement is reached to provide the TOWs [redacted]

-- The Iranians have been told and agreed that they will receive neither blame nor credit for the seizure/release of the hostages. [redacted]

~~TOP SECRET~~

-- The residual funds from this transaction are allocated as follows:

  - $2 million will be used to purchase replacement TOWs for the original 508 sold by Israel to Iran for the release of Benjamin Weir. This is the only way that we have found to meet our commitment to replenish these stocks.

  - $12 million will be used to purchase critically needed supplies for the Nicaraguan Democratic Resistance Forces. This materiel is essential to cover shortages in resistance inventories resulting from their current offensives and Sandinista counter-attacks and to "bridge" the period between now and when Congressionally-approved lethal assistance (beyond the $25 million in "defensive" arms) can be delivered.

The ultimate objective in the trip to Tehran is to commence the process of improving U.S.-Iranian relations. Both sides are aware that the Iran-Iraq War is a major factor that must be discussed. We should not, however, view this meeting as a session which will result in immediate Iranian agreement to proceed with a settlement with Iraq. Rather, this meeting, the first high-level U.S.-Iranian contact in five years, should be seen as a chance to move in this direction. These discussions, as well as follow-on talks, should be governed by the Terms of Reference (TOR) (Tab A) with the recognition that this is, hopefully, the first of many meetings and that the hostage issue, once behind us, improves the opportunities for this relationship.

Finally, we should recognize that the Iranians will undoubtedly want to discuss additional arms and commercial transactions as "quids" for accommodating [redacted] Nicaragua, and Iraq. Our emphasis on the Soviet military and subversive threat, a useful mechanism in bringing them to agreement on the hostage issue, has also served to increase their desire for means to protect themselves against/deter the Soviets.

RECOMMENDATION

That the President approve the structure depicted above under "Current Situation" and the Terms of Reference at Tab A.

Approve _____ Disapprove _____

Attachment
Tab A - U.S.-Iranian Terms of Reference

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~~SECRET~~ ~~SECRET~~ SENSITIVE

April 4, 1986

TERMS OF REFERENCE
U.S.-Iran Dialogue

I. BASIC PILLARS OF U.S. FOREIGN POLICY (Optional)

-- President Reagan came into office at a time when Iran had had a certain impact on the American political process -- perhaps not what you intended.

-- The President represented and embodied America's recovery from a period of weakness. He has rebuilt American military and economic strength.

-- Most important, he has restored American will and self-confidence. The U.S. is not afraid to use its power in defense of its interests. We are not intimidated by Soviet pressures, whether on arms control or Angola or Central America or Afghanistan.

-- At the same time, we are prepared to resolve political problems on the basis of reciprocity.

-- We see many international trends -- economic, technological, and political -- working in our favor.

II. U.S. POLICY TOWARD IRAN: BASIC PRINCIPLES

A. U.S. Assessment of Iranian Policy.

- We view the Iranian revolution as a fact. The U.S. is not trying to turn the clock back.

- Our present attitude to Iran is not a product of prejudice or emotion, but a clear-eyed assessment of Iran's present policies.

- Iran has used "revolutionary Islam" as a weapon to undermine pro-Western governments and American interests throughout the Middle East. As long as this is Iran's policy, we are bound to be strategic adversaries.

- Support of terrorism and hostage-taking is part of this strategic pattern. We see it used not only against us, but against our friends. We cannot accept either. Your influence in achieving the release of all hostages return of those killed (over time) is essential.

~~SECRET~~
Declassify: OADR

~~SECRET~~

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SENSITIVE

- We see your activity in many parts of the world, including even Central America.

- The U.S. knows how Iran views the Soviet Union. But subversion of Western interests and friends objectively serves Soviet interests on a global scale.

- Thus, our assessment is that a decisive Iranian victory in the war with Iraq would only unleash greater regional instability, a further erosion of the Western position, and enhanced opportunities for Soviet trouble-making.

- The U.S. will therefore do what it can to prevent such a development. We regard the war as dangerous in many respects and would like to see an end to it.

B. Possible Intersections of U.S.-Iranian Interests.

- Despite fundamental conflicts, we perceive several possible intersections of U.S. and Iranian interests. I propose we explore these areas.

- First, the U.S. has had a traditional interest in seeing Iran preserve its territorial integrity and independence. This has not changed. The U.S. opposes Soviet designs on Iran.

- Second, we have no interest in an Iraqi victory over Iran. [redacted] We are seeking an end to this conflict and want to use an improved relationship with Iran to further that end.

- Third, we have parallel views on Afghanistan. Soviet policy there is naked aggression, a threat to all in the region. [redacted] But our objective is the same: the Soviets must get out and let the Afghan people choose their own course.

C. U.S. Objective Today.

- We have no illusions about what is possible in our bilateral relations. Perhaps this meeting will reveal only a limited, momentary, tactical coincidence of interests. Perhaps more. We are prepared either way.

- In essence, we are prepared to have whatever kind of relationship with Iran that Iran is prepared to have with us.

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III. **SOVIET MILITARY POSTURE**

-- Moscow has designs on parts of Iran. [redacted]

-- Afghanistan illustrates the price the Soviets are ready to pay to expand areas under their direct control.

-- Summarize Soviet capabilities along border and inside Afghanistan which could threaten Tehran.

-- U.S. is aware of Soviet activity [redacted]

-- Soviet plans [redacted] How they would do it.

-- Iranian support to Sandinista regime in Nicaragua aids and abets Soviet designs -- makes U.S.-Iranian relationship more difficult ($100 million in oil last year, plus arms).

-- U.S. can help Iran cope with Soviet threat.

IV. **AFGHANISTAN**

-- May be real value for Iran and U.S. to find ways to cooperate against Moscow in Afghanistan.

-- U.S. can provide humanitarian assistance for refugees [redacted]

-- We need to know who you work with, what you already provide, and devise strategy to exploit Iranian comparative advantage.

V. **HARDWARE**

-- We may be prepared to resume a limited military supply relationship.

-- However, its evolution and ultimate scope will depend on whether our convergent or our divergent interests come to loom larger in the overall picture.

-- What does Iran want?

EXHIBIT EM-45

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~~Top Secret~~

EXHIBIT
EM-45

Questions for Oliver North

1. Who among the Israelis contacted you in an effort to obtain reliable transportation to send a shipment to Iran in November of 1985?

2. When did this Israeli contact you?

3. On whose authority did the Israeli say he was acting?

4. What did the Israeli tell you would be in the shipment?

5. What reasons did the Israeli give for wanting to make this shipment to Iran?

6. What reasons did the Israeli give for wanting reliable transportation arranged by the United States?

6. Did the Israeli indicate that Iran would do the United States any favors in return for the aid in transportation?

7. Did the Israeli indicate that Israel would do the United States any favors in return for the aid in transportation?

✓ 8. With whom did you discuss the Israeli's request:
  a) at NSC?
  b) at CIA?

✓ 9. Did you recommend that an airline arranged by the CIA be used to transport this shipment?

✓ 10. Why was it necessary to use this airline?

✓ 11. Did you know who in the CIA approved the use of this airliner?

12. Given that the National Security Act may require a presidentially authorized finding before any covert operation can be undertaken, did you seek legal advice as to whether such a finding was required before recommending such an operation be undertaken?

✓ 13. Did you monitor this operation in any way after CIA approval was given?

✓ 14. When did you first learn of the true contents of the shipment?

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✓ 15. Who told you of the discrepancy between the contents originally proposed by the Israelis and the actual contents?

Schultz phone conversation

Declassified/Released on 15 July 1987
under provisions of E.O. 12356

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✓ 16. Did you ever complain to your original Israeli contact of his decetption?

✓ 17. Where you involved in the effort to obtain the return of the actual contents from Iran.

✓ 18. Why did the United States seek to obtain the return of the individual contents?

✓ 19. How were the actual contents of the shipments interfering with our ability to make contacts in Iran? [This is alleged in NSC documents].

✓ 20. Why did Iran give back the actual contents?

✓ 21. How did Israel, the United States, and Iran come to a mutual agreement to return the weapons?

✓ 22. Who negoitiated this agreement the parties?

✓ 23. When was the agreement made?

✓ 24. When were the actual contents returned.

Secondhand knowledge 25. Was the President ever informed of the aid we provided the Israelis at the time of the shipment?

26. Did the President approve this aid?

27. When was the President informed of the discrepancy between the original contents and the actual contents?

28. Given that the Arms Export control act may require reporting transfers of arms to third countries without Presidential consent was there any consideration of the legal consequence of Israel's action?

✓ 29. Did the President decide not to report?

Documents ✓ 30. Do you know of any documents relating to the Israeli's origianl request for a shipment?

✓ 30. Do you know of any documents relating to the decision to use CIA transport?

31. Do you know of any contemporaneous documents recording the discovery between the originally proposed contents and the actual contents?

32. Do you know of any other documents relating to this affair?

EXHIBIT EM-47

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Oliver North, AG, WBR, CJC, JR

Sunday
1 P166
1 590s

2¹³pm **AG:** Want to get all facts from everyone involved. Flesh out diff. recollections. Talk to RR, John P.
Worst thing can happen is if someone try to conceal something to protect selves, RR, put good spin on it.
Want nothing anyone can call a cover up.
What happened early on?
How does Ledeen fit in.

ON: Ledeen first came to ON in July or June 85 — was consultant NSC — talk about Israeli proposal. L current memory is Amer. proposal — That L took to Isr.
I recall L to N to

L Intro N to Al Schwimer — relat w/ Rodi + Adanakashomi.
In July or Aug, Schwimer talked in WH w/ N + L — est contacts w/ guy in Em.
Schwimer

Nashed Allen to go to [redacted]

858

Partially Declassified/Released on 12 May 1987
under provisions of E.O. 12356
by D. Reger, National Security Council

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EXHIBIT
EM-47

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2

J 7167

~~J 5905~~

[redacted]

I was totally unwitting of
508 TONS until after det
Bud call OLN; from Geneva —
Rabine got problem —
need move something around.
— Had discussed w/ MCF philos
Israeli help moving something
to Iran.

OLN called Rabine back —
wanted to send man —
big problem fort —
— move some things that
support What you want to do

Rabine [illegible] told moving items to support
rapprochment w/ Iran

— Dick Secord — : until [illegible]
— Went to see guy [redacted]

Rabine [illegible] told N oil related equipmt.

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UNCLASSIFIED J 7168

~~J 5906~~ 3

Several more convers. w/Bud — encour him to call Port ofcls. + think he did. Israelis aborted the move.

Second went to Tel Aviv per Isr request. Clear high prior. Ship —

I called Dewey Clarridge at CIA, got name proprietary.

Dick not yet in Tel Aviv —
but when got there —
told 18-19 Hawk missiles.

N talked to Bud — lengthy —
M + N recall —: OK, but not right way to do it, not seen as exchange host. [illegible] arms.
M meet RR — got RR to meet Israelis.

Mtg early Dec — 6 or 7 — with RR.
N to Eur. to set up M mtg w/ Iranians —
Next day M arrived —
2 mtgs, 1 — all — Gorban, Secord, etc
1 — not Kimche — w/N

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W/Kimche, emphatic that not
way to go — w/ arms → host, etc

Mtg: M , Secord, Schwimer, Kimche,
Nimrodi, Gorbanifar, N
(Israeli [illegible]
lived in Iran)

AG: disc arms trans w/M.

N: M disc incentives + their need
but said can't be seen as
exchge arms f/ host

(Aug 22 – philos disc Kimche — not op.
+ M

AG: TOWS —
N: No knowled —
learned Nov 25-6 from Secord
When in Tel Aviv —
Don't know who knew

Bud + Kimche meet
July, early Aug, late Aug.
in part of
Theo

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5

When in rooms never raised. 7170

In. London — f/u mtg ~~5908~~
Kimche, M, N — no appear.
exchge arms/host.
Broader discussion.
Kimche said all along —
need arms in deal —
— NYT article — Kimche.

N: the Nov. op is a mess —
There were 80 Hawks in
El Al plane —
[redacted]
Second shut it down b/c
can work —
Off loaded in Tel Aviv —
Probly Called Clarridge 22d or 23d —

AG: CIA — word — look at legality.

Dick sent long rept to N on how
screwed up this is —. Shipmt of
Hawks.

Went in disc w/ Poin + McF —
late Nov, early Dec.
Whatever you want done not being
done right.
N probly told Claire or Dewey.

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UNCLASSIFIED ~~J 5909~~ J 7171
6

Told them shipmt involved arms + not oil drilling equipmt. Big trouble b/c CIA ok suppose to be oil equip.
Mid-Dec — talked to Casey.

Told them, as ops ofcr, not way to do whatever your policy is.

Secord learned it from Israelis

Finding: Version of finding that exists today — shows work in early Jan —
Started work in ~~early~~ mid-Dec.

Spokin work — on finding, retro applic — not til mid Dec work — I swear — + that was f/ prospective shipmts.

No ~~[illegible]~~ knowledge of retro F for Hawks or future Hawks.
One draft re: all previous acts — work in mid-Dec.
After Dec. mtg. in London — talk to M re need f/ finding, etc.

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Can't have Isr. out doing this + want Finding to cover activities

Heard f/ McMahon, Casey + Sporkin: they were goosey about Hawk Shpmt. CIA thought wrong later.

Need CIA to run op. — need Finding
M agreed w/ need H F —
— Sporkin, Casey, Gates, George, N, met at Casey house in Dec.
— recall George was there —
Mtg after trip to London.

Talk to anyone else about Shpmt after Secord told you.
N: To Poin. — Said we need something more —
Then N to CIA — plane.

Poin totally innocent —
knew nothing of it.
1st learned in Nov when N raised it.

N was told it oil equip — ✓ wondered if not but 1st knew —
Secord

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1 7173

Got clearance from Poin. to contact Secord for CIA plane.

Secord: close personal friend — lived in Iran; Known when AsstSecDef.
Not at N expense — Secord.

When learned Hawks, N → CIA? yes.
Who? Perhaps directly to Casey.
AG: Got to McMahon — who sent to Iwas —
N: McMahon was not happy — McMahon can't stand N, blames of Nica mining so wldn't call McMahon.

AG: Ledeen:
Ledeen would have brought persons to N? yes — but principal contact for Ledeen was McF — joining of suite at State — Ledeen pushing Iran rapprochement.

When 1st hear abt. 508 TOWs?
Think sometime in Oct —
Weir released on 14th —
think result [redacted]

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[redacted] May have
been Secord who told of 508 TOWS —
think it was. Nov. of a mess —
operationally screwed up — if I'd
been involved wouldn't be
so screwed up — but ~~[illegible]~~
someone decided not to —
whether M or K — defer to them.

CJC: Allen reminded N yet [redacted]
tasked to go to
[redacted] Gorbanifar —
per Allen it was Sep 85 —
bk Ledeen said worthwhile guy
— reason: verify who in Iran
G talking to.
Israelis really pushing G. on us.

Didn't ask anyone else
re: coverage [redacted] — [redacted]

13 Sep 85 (re: TOWs ?) [redacted]
recent U.S. actions —
demonstrate good faith.

N: we talked prospectively —

Copies — Wein
Casey
M. N. } decision by M —

UNCLASSIFIED J 7175
~~J 5913~~ 10

N: State not on list b/c it leaks — handled thru INR — then if don't like it, hits papers.

N: asked for dissim. of mtgs Iran — to State — not done. (by CIA analyst)

Chron. info re: stmt — where from? [redacted]

Ledeen learned this in late Sept — talks from Gorbanifar — Ledeen told N in Sept.

Q: but said in Nov —

N: from an Israeli —: is when I learned that from them is Nov.

In Dec, Ledeen told to go away from this + never come back. B/c get Israelis involvmt — Schwimer, Ledeen, Gorbanifar — N told Nir — + Nir took over.

Schwimer: bus'man; close to Peres.

Kimche dropped out same time — as far as N knew — not K, but now N.

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UNCLASSIFIED J 7176
~~L 5914~~ 11

p.6 chron. not right — Jan. know for sure
of Hawks (Nir)
Rep'td to McF + Poin.
Leaked in Nov from Dick —
+ rep't'd to John + Bud.

Orig. plan — 2 80. Hawk loads
to Iran of 160 — not happen.
sent 18.

Return of Hawks —
Not correct in chron, what
N wrote — M said to N bk mal—
but Iran didn't like them —

Problem was Isr give $ back.
Don't know $ — pre-finding.

M told N to get Hawks back —
in early Jan. — when Kelly gone.
(2 Jan when Nir here) —
Nir raised replenishment for 1st time -
asked any deals made — N don't
know — ask M - said no deals —
N told Nir.
We did replenish —

Missiles sitting in crates — only 1
unpacked — wrong type + needed
US technician — Celebrate. Said -

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UNCLASSIFIED 7177 ~~5915~~ 12

Hawks from Israeli stocks, best knowl.
AB: When we paid replenishmt —
Where $ go?

→ Iran, Nir, Swiss acct, to DOD
normal practice
CIA controller handles it, think.

Dick carried one transfer —
for 1000 TOWs —
Feb. event doesn't produce hostages —
(*) — [redacted]

Money moved to CIA account —
Iranians → Israelis → CIA account
→ Army

Show memo: Is it something you prepared? w/ terms of reference
dated Apr 86 —
reference to:
on 13 Sep, with endorsmt of US gov't,
Israelis transfer 508 TOWs —
— don't know who did it; think
M — based on gen'l understanding
from RR [redacted].

AB: [redacted] Some have Concern protect RR but
we need to know facts.

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UNCLASSIFIED J 7178
~~L 5916~~ 13

Everyone N talked to in Israeli gov't ——
Peres, Rabin, Shamir, ~~etc.~~ —— at US request. But not info ff N.

Q: Was M main problem the perception or the fact of arms ~~[illegible]~~ to Iran —— ff hostages.

N believes RR authorized it himself b/c M wouldn't go off on own.
Think M → K understanding

N went to talk to RR re: strategic relation + w/RR it always came back to hostages —.
Drawn to linkage
Terrible mistake to say ~~we~~ RR wanted the strategic relationship.
b/c RR wanted the hostages —

AB: he (RR) talked about both —
if just relationship, not agree arms —
~~[illegible]~~ all hostages —

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J 7179
J 5917/14

AG: Same memo, appears to be written
between 4-7 April —
Mention of use of $ —
Transferred ? —
— yes, b/c used it f/ Hawk parts -
16 May $ deposited — to Israeli acct.

Use of $ —
—$2.— million for Israeli replacmt.
—$12 M residual funds for
Nicaraguan resistance

cost: 6.5 parts
2.5 replac TOWs Isr.
9.0 total so 3 M of residual funds

(★) → Don't know how much was moved.
to Nicaraguans —

Israeli decides $ to Resistance.
Our involvmt — none — CIA, NSC
none.

AG: how

Nir: Israelis, in Jan 86, approach
W/ 2 ways to help —

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UNCLASSIFIED J 7180 15
~~J 5913~~

Arrange to take residuals from these transactions + to Nic.

AG - disc w/RR. — not w/N.

→ Poin. — pt of contact w/RR.
Fortier involved too — became principal dep—.

Amt? N don't know.
Any CIA handling of that $ —
No, don't think they know,
Some may suspect.

Israeli suggest to sweeten pot?
— Disc. Israeli help gen'lly —
N + Rabine.
Don't recall askin' them.
Israeli offers.

If Pres. OKs something — into
working files of

AG If RR approved it — you'd have
it? Yes. don't think it was.

Other files there it could be in?
To verify it didn't go
forward?

(★) N.N will ck..

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UNCLASSIFIED J ~~J~~ 7181 16

Ck if Israeli $ got to Nicaraguans? —
It's Iranian $ — from
profits of arms deal —.

N understood this part of deal.

How much more is there to it?

Feb shipment + last one both had
residuals —

Who else — M or Poin.

N told M in Apr or May 86

Only 3 who could know in
USG — M, P, N.

An Israeli idea — wanted
to be helpful.

guess Money got to them from
this. Contras knew $ came ~~[illegible]~~
+ appree.. Know

Israeli offer $\xrightarrow{N}$ Colero → open 3 accts in Switz.
N gave #s to Israelis —
$ to accts.
CIA no knowledge —

Vis accusations of N raising $ —
lot other gov'ts have done
the thing w/ Colero + usual.

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17

No other US ofcls involved —
M + Poin. knowledgable —

Israelis: Nir, (perhaps all himself) :

Gorbanifar cut $ off top.

? { Iranians → Israel → account
corp
→ CIA account → army weapons
— weapons
— transportation, etc

(12M in memo based on what told)
by Israelis.

$ left in CIA account → $ ~ 200-300K

AG: 3 transac

1. 1000 tows → Israel → Iran → $ Isr →
$ US
(Feb) (Gorbanifar
in it.)

(~ 3-4M to contras in it)

2. Hawk parts / 508 replenishmt:
— payment f/ parts
— payment for Tows replenishmt.

(contras too)

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J 7183
~~J~~ 5921 18

3 — Oct 500 Tows:

no $ for contras in that —
Nir upset b/c not same price
as before —: didn't want
perception of pvt profit —
[illegible] no need of contra $ —
flowing now.

⊛ → $ amts — CIA
deposits Europe
pymt Army
pymt trans.

[redacted]

Q: What else like Nicaraguan angle —
A. Nothing.

Israelis said
1 — divert funding — N: No.
2 — use Israeli $ — N: No, ~~Att~~ — Israeli $ from
3 — So, have Iranians pay.

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J 7184
~~1 5922~~ 19

If this doesn't come out, only
other is Nov. Hawks deal —

think someone ought to step up
and say this was authorized
in Nov.

Don't know if RR briefed on
it; possible Don Regan is.

Thompson may have seen it.

Folks in OLN ofc don't know.

AG: Must share w/RR — see if
he is aware of it.

Any other thing aware of?
Problematic areas —
508 transfer:
Hawk transfer:
Any thing else others could be
doing, have done?

Iranian law won't permit advance
pymt — so Gorb. & Kashogi
raise $, consortium.

Heard of complaints nonpymt —

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J 7185
~~592320~~

(☆)

AG: Another source potential embarrassment —
Those who not paid + lost $.

Any in NY, elsewhere, working for
us?
No; we turned over to Customs.
Gorbaan 22 Apr bust — he had
$ in it. Lost 19M in sting
by FBI

AG out (4:05 pm): —.

Cooper:

Nir mtg w/ Poin/N — and Nir
admits he in charge — Poin. upset
w/ Hawks deal — get em back —
[redacted] No doubt Nir convinced
US encour/acquiesced/
agreed in 508 TOW shipment —
N didn't agree —
— from disc. w/ Bud.
— No reason to doubt Nir.
— Ask M about it — M said
"I've always insisted we
didn't trade arms for host."
Think Bud needs to think out
disc. w/ RR + Israelis +
this prob will go away.

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— Bud does not recall specif. author. shipmt of Hawks.
Nir satisfied N — US endorsed it,
M answer re: TOWs equivocal enuf
so didn't disbelieve Nir.

→ Feb. shipmt did not produce hostages —
thus, not strict quid.
Cooper: expect hostages?

Replenishmt? When —

M + Kimche conversations —:
— strong objections to Kimche to shipmts in chron. based on perception —.
— what doesn't square — is
RR → hostages
McF → strategic dialog.
Bud doesn't like perception.

WBR: Discussion of policy — vis Iran/embargo etc.
— exception
— list of wants — we declined many & most.

• anti — X missile — is defensive.

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~~1 5925~~

UNCLASSIFIED J 7187 ~~22~~

508 Tows linked to Weir : Nr yes; from what I understand.

18 Hawks linked to any hostages — : don't know

→

Hawks return :

Israelis didn't want to give $ back. Iranians didn't want it — not what ordered.

Learned of it — :

(★) US Air crew to move all cargo
we ran — Feb '85 on forward —
run w/ crew from Southern Air
Transport in Miami Fla —
DOJ investigating of contra relations

paid by Israelis

Proprietary airline — start used
to Iran earlier —
use them for 508 TOWS (?) — [redacted] Casey said

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UNCLASSIFIED J 7189 ~~J 5927~~ 24

Nov: 85

McF. call N. in ofc —.

Call Rabine —

N called. Said problems — in midst of assisting you — deliveries to countries in & — ask to Wash (Israeli gov't),

Call M — problems in [redacted] shipping something (N guess is arms)

M us. Call Second to help.

Name of fellow in [redacted] — Israeli

Second call + ask if non-US, non-Isr. charter large cargo plane — Iran to Israel on false docs

→ N Called Clarridge — name. —

1st ~~contact~~ contact on Hawk episode w/CIA — or any of this except for intell request.

→ Ask name of discrete airline in Eur.

[redacted]

→ Unspecified # flights.

In Israel, they want'd, per Second, to take more than 1 flight — N said no.

M doesn't recall conversation this time frame — he was under pressure — in papers re: affair.

N → Told M + Poin. about Seconds' rept

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J 7190
~~5923~~ 25

about what's really going on.

Copp is Second — for telephone purposes. MG Adams is Second too — w/ documentation.

* Claridge gave name of person in [redacted] to N ⟶ N to Second ⟶ Second to Israelis, who called + set up the airplane.

—

Thompson was with M at Geneva —
CK: Thompson logs ——
Thompson: Counsel + military aide to M + Poind(now).
M called someone in [redacted]
Q: Nature of urgency;
A: Israelis want'd it.
Did you think it oil equip — ?
A: No, thought it munitions
+ told M + P — they said go do it —
+ CIA not told of N weapons — CIA told by N it was oil equip.

5:05 pm [illegible] (JR out a minute)

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UNCLASSIFIED J 7191
~~J 5929~~ 26

— Think Israelis probly passing selves off as Americans.

[redacted]

Genesis of Chron —
on 15th — Poin. said do a history.
— went to files, talk to M, P, others.

— get it to RR
— still inconsistencies.

(CIA) Second
expenses — CIA.
informed.

Intell Exchng
began in Feb —

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1 7192
1 5930

27.

To show Iran can't win, we gave some doctored intell.

[redacted]

Who knew 508/Hawks
✓ M, RR, Thompson, Poin, Regan, VP

If intg =

maybe → Casey
Shultz (M says told him everything)

M says no foreknowl Hawks

Shultz to AG, M told Haw

M → Shultz don't recall

M not tell P, N
(surprise in Jan

When M tell Shultz.

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M foreknowledge — of plan agreed to with Israel — not necess. the Hawks.

Ck: on getting coop. of Israelis — before anything public.

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J 7194 29 ~~5932~~

On trip to Iran in May

M, Cave, Teucher, CIA commun, Nir

Ami [redacted], N.

(Israel)

We never provided technicians

+ still want one

555 ollie out.

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EXHIBIT EM-48

CIA info : John McG 24 Nov 86

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- Rumors at CIA, extra $ paid to So Transport + funneled to Nicaragua
- CIA did not use So. Trans — [redacted]
- All arrangmts NSC but
  - Nov 85 [redacted] Hawks
  - Nov 86 replenishmt TOWs [redacted] (CIA paid?)
- Fair mkt value:
  - DOD best source
  - CIA knows what paid DOD
- NSC paid (or intermediary of Israelis, etc) for Southern Airways.

EXHIBIT
EM-48

Partially Declassified/Released on 15 JULY 1987
under provisions of E.O. 12356
by B. Reger, National Security Council

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(3030)

EXHIBIT EM-49

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~~TOP SECRET~~ [redacted] AG - 870429 / 1

EETING ON IRAN 24 Nov 86 2pm [Sit Room] {RR DTR
VP JMP
GPS EM
CAW Geo. Cave
WJC

EXHIBIT
EM-49

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by B. Reger, National Security Council

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DTR

Q re Hawk missile shipment { Who authorized ?
Who Knew ?
Was RR told ?

JMP

Bad handling by self from Jul to Dec 85.
No documentation.

GPS

Knew about situation and opposed it.

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EXHIBIT EM-50

12/1/86

11/25/86

Weekly Compilation of

Presidential Documents

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CRS C

EXHIBIT
EM-50

National Security Council and Implementation of United States Policy Toward Iran

Remarks Announcing a Review of the Council's Role and Procedures. November 25, 1986

The President. Last Friday, after becoming concerned whether my national security apparatus had provided me with a security—or a complete factual record with respect to the implementation of my policy toward Iran, I directed the Attorney General[1] to undertake a review of this matter over the weekend and report to me on Monday. And yesterday Secretary Meese provided me and the White House Chief of Staff[2] with a report on his preliminary findings. And this report led me to conclude that I was not fully informed on the nature of one of the activities undertaken in connection with this initiative. This action raises serious questions of propriety.

I've just met with my national security advisers and congressional leaders to inform them of the actions that I'm taking today. Determination of the full details of this action will require further review and investigation by the Department of Justice. Looking to the future, I will appoint a special review board to conduct a comprehensive review of the role and procedures of the National Security Council staff in the conduct of foreign and national security policy. I anticipate receiving the reports from the Attorney General and the special review board at the earliest possible date. Upon the completion of these reports, I will share their findings and conclusions with the Congress and the American people.

Although not directly involved, Vice Admiral John Poindexter has asked to be relieved of his assignment as Assistant to the President for National Security Affairs and to return to another assignment in the Navy. Lieutenant Colonel Oliver North[3] has been relieved of his duties on the National Security Council staff.

I am deeply troubled that the implementation of a policy aimed at resolving a truly tragic situation in the Middle East has resulted in such controversy. As I've stated previously, I believe our policy goals toward Iran were well-founded. However, the information brought to my attention yesterday convinced me that in one aspect implementation of that policy was seriously flawed. While I cannot reverse what has happened, I'm initiating steps, including those I've announced today, to assure that the implementation of all future foreign and national security policy initiatives will proceed only in accordance with my authorization.

Over the past 6 years we've realized many foreign policy goals. I believe we can yet achieve—and I intend to pursue—the objectives on which we all agree: a safer, more secure, and stable world.

And now, I'm going to ask Attorney General Meese to brief you.

Reporter. What was the flaw?

Q. Do you still maintain you didn't make a mistake, Mr. President?

The President. Hold it.

Q. Did you make a mistake in sending arms to Tehran, sir?

The President. No, and I'm not taking any more questions. And in just a second, I'm going to ask Attorney General Meese to brief you on what we presently know of what he has found out.

Q. Is anyone else going to be let go, sir?

Q. Can you tell us—did Secretary Shultz——

Q. Is anyone else going to be let go? There have been calls for——

The President. No one was let go. They chose to go.

Q. What about Secretary Shultz, Mr. President?

Q. Is Shultz going to stay, sir?

---

[1] *Attorney General Edwin Meese III.*

[2] *Donald T. Regan, Assistant to the President and Chief of Staff.*

[3] *Deputy Director for Political-Military Affairs.*

Q. How about Secretary Shultz and Mr. Regan, sir?

Q. What about Secretary Shultz, sir?

Q. Can you tell us if Secretary Shultz is going to stay?

Q. Can you give Secretary Shultz a vote of confidence if you feel that way?

The President. May I give you Attorney General Meese?

Q. And who is going to run national security?

Q. What about Shultz, sir?

Q. Why won't you say what the flaw is?

Note: The President spoke at 12:05 p.m. to reporters assembled in the Briefing Room at the White House.

Special Review Board for the National Security Council

Statement by the President. November 26, 1986

I am pleased to announce the appointment of former Senator John Tower, former Secretary of State Edmund Muskie, and former National Security Adviser Brent Scowcroft—three distinguished experts in foreign policy and national security affairs—to serve as the members of the Special Review Board I announced yesterday. Former Senator Tower has agreed to serve as the Board's Chairman.

As I indicated, the Special Review Board will conduct a comprehensive study of the future role and procedures of the National Security Council staff in the development, coordination, oversight, and conduct of foreign and national security policy. In particular I have asked the Board to review the NSC staff's proper role in operational activities, especially extremely sensitive diplomatic, military, and intelligence missions. Specifically, they should look at the manner in which foreign and national security policies I established have been implemented by the NSC staff. In conducting their review, the Board will have full and complete access to the NSC staff and its resources as well as the cooperation of the other Departments and Agencies in the executive branch.

I hope the Board will conduct its review in a prompt and thorough manner. Upon its completion, I intend to share its findings with Congress and the American people.

Special Review Board for the National Security Council

Appointment of the Membership. November 26, 1986

The President today announced the appointment of the following individuals to be members of his Special Review Board:

John Goodwin Tower, of Texas. Former Senator Tower most recently has served as a U.S. negotiator on strategic nuclear arms, 1985–1986. He was a U.S. Senator from the State of Texas, where he served on the Senate Armed Services Committee, 1961–1985; an assistant professor of history and political science, Midwestern State University, in Wichita Falls, TX. Former Senator Tower was born September 29, 1925, in Houston, TX.

Edmund Sixtus Muskie, of Maine. Former Senator Muskie served as Secretary of State, May 1980–January 1981; and as a U.S. Senator from the State of Maine, 1959–1980, serving on the Senate Foreign Relations Committee. Edmund Muskie is currently engaged in the private practice of law with the firm of Chadbourne & Parke in Washington, DC, and New York City. He was born March 28, 1914, in Rumford, ME.

Lt. Gen. Brent Scowcroft, USAF (Ret.), of Maryland. General Scowcroft is vice chairman of Kissinger Associates, Inc., in Washington, DC. Most recently, General Scowcroft has served on the President's Blue Ribbon Commission on Defense Management, 1985; and he served as Chairman of the President's Commission on Strategic Forces, 1983. General Scowcroft was an Assistant to the President for National Security Affairs, 1975–1977. He was born March 19, 1925, in Ogden, UT.

EXHIBIT EM-51

25 NOV 86 UNCLASSIFIED

6^{35} am AG/JR drive from AG residence to Casey residence

6^{40}-7^{00} am AG meet w/ Casey

- receives + returns call from Regan

7-7^{30} AG/JR in car

- AG calls Poindexter to meet at AG o/c.

7^{30}-7^{40} am AG/Poindexter mtg in AG o/c

7^{40}-7^{45} AG/CJC/JR mtg

7^{45} AG/CJ/JR depart for WH.

8^{00} am Regan, AG, JR, CJC, Thomas,

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[AG rec'd call from Peres + said Israel did ship 508; $ pd directly by Iranians to Amer. Co. acct — + only told Iranians the amt —.
(+ probly the acct #).

3025

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EXHIBIT EM-52

UNCLASSIFIED

Office of the Attorney General
Washington, D.C. 20530

8:10 A.M.

Monday, November 25, 1985

Senior Mgmt ~~[illegible]~~ Meeting

→ 6. Lebanon Situation

EXHIBIT
EM-52

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EXHIBIT EM-53

JR notes of Cong'l brfing on Tues am

RR: As of late yest, I learned yest new info & I didn't know — I've taken actions & AG investig.
Ask EM dept.

AG: Aware of sales to
Jan 86 — Oct 86
there were approx
3 or 4 delivs of weaps shipment,
as part of
Feb
May, Aug (same trans)
Oct

Over whend, in course trans — people involved out of this country — ship $ to forces resistance in Centra Amer.

Thru Iranian overcharge

EXHIBIT
EM-53

Hypothetical —
Overcharge amts —
weapons — DOD
paid amts —
Amer $ involved
of value rec'd —
Surplus put in
another bank acct —
Which controlled
by

Involved —
Lt Col North
1-2 NSC staff
consultants
—~~not~~ clear

Alerted pres yest
am.

RR: to our knowledge
only incident of
this kind.

Poin not a partic;
but some info he
had not to me —
but Poin resigned.

We'll continue to
find out further

What we do find
we'll tell Amer
people.

Dole: Transferred by
Israeli gov't

AS: yes

Weight: Israelis amt to
reimb DOD — only
AS: of weaps. + poss
trans costs

Wright: Done w/ knowl +
approval someone in
US ?

AG: Yes

Wright Who ?

AG: North

W: Resigned ?

AG Yess

W: Poin not know ?

AG: Knew $ going to
Contras, didn't
know details, didn't
look into it. He was
Hopeful contras
wld get $

W: ys knowl, Adm
North.

Dole: Who in Israel?

AB: A name, Nir.

Byrd: Who in contra and

AB: Colero

W: Adelpho Colero

— opp princip in North
out of Hondura.

X — who persuaded Isr.
to inject self?

AB: Not sure = Understand
volunteered ——
not clear who
initiated.

Warner: How h[illegible]?

AB: Roughly comparable
position to North

Byrd: Where we going
from here?
Resolve this sit —
+ see that it
never happens
again.

RR: Make sure this
is only thing
+ I appt Comm
to review + look
to future how
process NSC
works

Nunn: E.O. to get NSC
out of ops —
single most impt
thing you can do.

If they in ops: —
no one b/t you
+ ops of oversight.
Leaves you +
country very exposed.

RR: Oversight has been
by Nat Sec Adv —
+ has served this
country well.
China

Num: I draw diff b/t
diplom initiative +
covert op.

Regan: One of things
envisage this Bd
give RR opinion
on.

Ex + Legis br discuss
how covert ops
can be conducted
+ kept secret.

Thinking of
someone on w/
good Cong underst,
perhaps former
member —
Someone NSC
exper —
+ someone
connect w/
intell comm

Warner: Sec St —
implications
in Mid East

Shultz: Start devel our
policy w/ Iran
in normal procedures.
Moty here this am —
Armacost rep here —
interagency basis —
Initiative will move
forward ——
→ w/ which gen'l
agreemt + support.

Byrd: Was resig asked
for?

RR: he volunteered; it —
in Navy tradit —
eventhough no
partic.

wright: Poin vaguely aware —

RR: yes

Wr — done w/ tacit blessing.

RR - Ed?

AB: allowed it to go forward

Wr: CIA know
Casey

Casey: No, I didn't.

McF learned in Apr or May 86 —

Dole: Never learned of it.

trans —

AG: Oct 86 trans
not involved.

Y - Seek indictmts?

AG: depends if
crim activity —
We'll look into
all aspects —

Dole: N won't mention
higher ups

AG: N Sun 2-6 —
AG to Pom M —
think not, but
will f/u.

Byrd: Arms thru Israel
to Iran?

Yes.
Won't get off
front page ___

Who chair review
Bd?

RR: Won't name
names.

Byrd: Finding in effect?

AB: yes, but
RR direct no
arms ___
but diplom not
proceed.

Wright:

Part on to Cong — not rept

AV: rescinded

CIA: same

Av: if doubt, assume that part rescind'

RR: Right, be assured.

Wright: Re: the future — None of us get pleasure from embarass'g USG —.

Harsh feelings re: contras — + I really don't believe House Intell leaks on contras.

Commend Hamilton + his staff —

Can trust Cong +
Staff, even if
disagree —
Hope ff ambiance
to disc these
w/ Cong in
advance, ff as
Cong anticipates
Intell law. —
Cong shld been
advised of
something go on
this long.
Exec feels diff on
times.
Notwithstndg —
diff party, disagreemt,
etc
Hope we all could
be trusted.

rather than have
this done by LtCols -
means well —.
A zealot, patriot
but of judgmt,
not motive
Thought f/ future

RR: 1st, w/o condonng
it wasn't contrary
to policy —
it was Admin +
Cong after ~~votes~~ law
Some things yes —
Others, where:
human lives
at stake — can't.
We try — but
sometimes even so
close hold

We don't know
damage done.

Grenada — could
been real damage —
b/c Cuba closer
than we.
So that night I
had leaders over
at hour when knew
troops close
enough so landing.
I told.

If I cld ever find
that bastard who
is unnamed
admin ofcl —
all sorts punishmt
on him.

swiss accts.

Byrd: Poor explan of his
having gone on
10 mos.

Ab: Explan knew
gen'lly, didn't know

Wright: Strain credulity
That Israelis thought
it up on own.

Ab: No Q — our people -
North or other
set it up —
accts, # etc
to Calero.

Shultz: Unusual mtg
here.
Pres. just informed of
prelim. results.

and informing
Cong immed..
Just knew.
Talk to Shultz
Sat am.
Undoubtedly
more will be
learned.
Shldn't pin Ed
down.
Certain things
emerged.

Byrd: Which came 1st —
investg or revelation
w/ Poin.

AG: Yest, Mon. 1st Q —

RR: One in press room
to tell press.

People here— certainly
Not friends, but
diff fr Khomeini—
see what can
be done.
Leak here
People in Iran
+ perhaps our
hostages wld
been in danger
if such a mtg
known.

Not case wanting to
deny Cong —
Case of tell only
need to know—
to control damage.
Then we brief.

Not case of one
branch know—

Dole: How we know
its an overcharge?

AG: We know we got
dollar of dollar
of our thngs.

RR: Other country
as wholesaler—
w/profit.

AG: No clear

Byrd: Amts

AG not clear—

approx
19M from Irans
2-3 to DOD
2-3 to intermed
rest to bank accts

EXHIBIT EM-54

EXHIBIT
EM-54

(c) 1986 The Washington Post, November 26, 1986

November 26, 1986, Wednesday, Final Edition

SECTION: FIRST SECTION; PAGE A8

LENGTH: 7708 words

HEADLINE: Transcript of Attorney General Meese's News Conference

BODY

Why don't I tell you what is the situation and then I'll take your questions

On Friday afternoon -- or Friday at noon, the president asked me to look into and bring together the facts concerning the -- particularly the implementation of the strategic initiative in Iran and more precisely, anything pertaining to the transfer of arms. Over the weekend this inquiry was conducted. Yesterday evening I reported to the president. We continued our inquiry and this morning the president directed that we make this information immediately available to the Congress and to the public through this medium this noon.

Let me say that all of the information is not yet in. We are still continuing our inquiry. But he did want me to make available immediately what we know at the present time.

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What is involved is that in the course of the arms transfers, which involved the United States providing the arms to Israel and Israel in turn transferring the arms -- in effect, selling the arms to representatives of Iran. Certain monies which were received in the transaction between representatives of Israel and representatives of Iran were taken and made available to the forces in Central America, which are opposing the Sandinista government there.

In essence, the way in which the transactions occurred was that a certain amount of [illegible] negotiated by representatives outside of the United States with Iran for [illegible]. This amount of money was then transferred to representatives as best we know [illegible] can be described as representatives of Israel. They, in turn, transferred to the CIA, which was the agent for the United States government under a finding prepared by the president -- signed by the president in January of 1986. And, incidentally, all of these transactions that I am referring to took place between January of 1986 and the present time. They transferred to the CIA the exact amount of the money that was owed to the United States government for the weapons that were involved plus any costs of transportation that might be involved. This money was then repaid by the CIA to the Department of Defense under the normal procedures and all governmental funds and all governmental property was accounted for and statements of that have been verified by us up to the present time.

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The money -- the difference between the money owed to the United States government and the money received from representatives of Iran was then deposited in bank accounts which were under the control of representatives of the forces in Central America.

How much money, sir? How much involved?

We don't know the exact amount, yet. Our estimate is that it is somewhere between $ 10 and $ 30 million.

How did it come to your attention?

In the course of a thorough review of a number of intercepts, and other materials, this -- the hint of a possibility that there was some monies being made available for some other purpose came to our attention, and then we pursued that with the individuals involved.

Why wasn't the president -- why wasn't the president told?

The president was told as soon as we found out about it.

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And he knew nothing about it?

The president knew nothing about it until I reported it to him. I [illegible] yesterday morning that we still had some more work to do, and then I gave him the detail that we had yesterday afternoon

Is this what you were looking for when you began? Or is this just something that turned up in the course of your weekend investigation?

This turned up in the course of the investigation. The first thing that triggered, if you will, an inquiry, was the fact that as people prepared their testimony -- because this had been done in a rather compartmentalized way -- as people prepared their testimony for the Hill on Friday, there were certain things where facts -- there appeared to be more facts out there than we had already put together. And it was a matter, then, of the president requesting me to talk with everyone who had any participation at all, because one agency was doing one thing, another agency was doing another thing -- there was very little paperwork -- and to determine precisely what all of the facts were because he wanted to be sure that he had all of the information about anything that may have occurred in the course of this whole situation. That was -- it was during the course of that inquiry that this information was found and then was followed out to the conclusions that I mentioned.

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General Meese, can you tell us who is running national security policy? Can you clear up for the American people, is Secretary [George P.] Shultz staying? Who is the new national security adviser? And what are you recommending in terms of possibly restructuring the White House staff?

In answer to your questions in order, at the present time, upon [Vice] Adm. [John M.] Poindexter actually leaving his post, Al [Alton G.] Keel [Jr.] [illegible]

11

deputy, will be the acting assistant to the president for national security affairs. The president has not yet selected a replacement, but he will do so as soon as possible.

Secretary Shultz is remaining in his position as secretary of state. That has not been a matter of conjecture, or discussion, or inquiry. And the third part of your question?

Oh, what recommendations will we make? We will make whatever recommendations for further proceedings come out of it, but more particularly, the president will be appointing a small commission which will look into the procedures and role of the NSC [National Security Council] staff and will make specific recommendations to him as far as the process for the future.

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We've been told that the president was operating, from the beginning of this operation in June or July of 1985, on legal opinions -- not written, but oral from you. Now, one can ask, then, are you, at this point, sorry that you gave the advice that the NSC should do this operation, overlooking the objections of State and Defense?

The only legal opinion that was involved had to do with the routine concurrence with the finding of January 1986. That's the only legal opinion, or legal advice that was asked for, or that was given.

General Meese, who in the NSC was aware that this extra amount of money was being transferred to the so-called contras or under their control? Did Adm. Poindexter specifically know? Who else knew, and did the CIA know? Was CIA Director [William J.] Casey aware of this?

The only persons in the United States government that knew precisely about this, the only person, was Lt. Col. [Oliver L.] North. Adm. Poindexter did know that something of this nature was occurring, but he did not look into it further.

And what, if I could follow up, sir, what about CIA Director Casey?

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CIA Director [illegible] Secretary of State Shultz, Secretary of Defense [Caspar W.] Weinberger, myself, the other members in the NSC -- none of us knew.

When you say that Poindexter knew, do you mean he approved of it?

No. Adm. Poindexter knew generally that something of this nature was happening. He did not know the details.

He did not try to stop it, though?

I don't know precisely when he learned it. He knew of it sometime during last year.

But he didn't try to stop it, sir?

He did not try to stop it.

General Meese, let me ask you this. In the course of your investigation, did you satisfy yourself that you know exactly how many shipments of arms went from the United States or Israel to Iran, and exactly what they contained? There's quite a bit of controversy over that.

We are fairly sure that we know of the shipments of arms, because we have some control. We know it was shipped out of DOD [Department of Defense] stocks. We will only know -- we only know at this time what the United States participated in. We don't know of any other arms sales that may have been made, but we do know those that the United States participated in.

Well, let me just follow up. Have you established in your investigation whether anyone in the United States government gave a wink, a nod, an accord or any kind of approval for shipments which Israel or any other third country may have made?

Well, all of the shipments that, in which the United States' equipment was involved, were made by, through Israel -- were made by Israel.

Was that legal? Was that legal?

Yes.

Mr. Attorney General, do I understand, sir, that what you're reporting on this morning and what the president reported on this morning is a discovery of diversion of funds? The central questions that have been asked for the last three or four weeks about the propriety of shipment to -- arms to Iran, about the U.S. arms embargo at the time, the questions that the Hill has been asking -- you have, if I understand correctly, we have heard nothing new on those questions today. Is that correct?

We have heard nothing new that hasn't been testified to essentially on the Hill. There [illegible] be -- we may have more information than has been brought to light already. [illegible]'ve talked with Congress basically. I think Director Casey gave a pretty full [illegible].

But this today, the discovery and the announcement, rather, today of the diversion of funds -- we take it by Col. North -- that does not drive to any of those other questions. Did what Col. North do, is that a crime? Will he be prosecuted?

We are presently looking into the legal aspects of it as to whether there's any criminality involved. We're also looking precisely at his involvement and what he did, so that the conclusions as to whether there's any criminal acts involved is still under inquiry by us.

Isn't it at this time likely, even preferable from your point of view, that a special prosecutor be appointed to examine these questions? You're talking not only about the law about the Iranian transactions, but the congressional

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strictures against the military aid to the contras. Isn't it now time for a special prosecutor?

No. If we find that there is any criminality -- which as yet there have been no conclusions -- and if we find that anyone who is a covered person under the Independent Counsel Act is involved, then that would be the time to request an independent counsel, as we would in any other matter.

Is a grand jury -- to follow up -- is a grand jury taking evidence on this?

No. There is no grand jury at the present time.

[inaudible] still saying it was not a mistake -- the policy was not a mistake, General Meese?

I think the policy, as the president said, to reestablish our relationship with Iran, to try to bring an end to the Iran-Iraqi war, to try to decrease the participation of Iran in terrorism in the Middle East, and to get our hostages back -- all of these objectives -- certainly were not [a] mistake.

The way it was carried out led to this diversion of funds by not including the other agencies.

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It didn't lead to the diversion of funds. The funds were transferred, and that's one of the things that has disturbed me and disturbed the president. That was not an inherent part of anything having to do with the policy itself. Instead, it was actually an aberration from the policy and from everything that had been described to the president and to the other members of the National Security Council.

[inaudible] suggesting if Congress had been notified, don't you think it would have been unlikely for this to happen?

No. I think exactly the same thing could well have happened because this was something that was unknown to any of the officials that gave authorization for this in the first place.

Could you tell me what these funds were used for?

I don't know. I don't know that anyone does. They were just provided to the contras through this bank account, and that was the end, so far as we know, of anyone in the United States government knowing anything about what happened to them.

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How did you discover it, Mr. Attorney General?

How did we discover it? In the course of a review of documents, we came across a reference to the possibility of differences in amount between the funds being paid by Iran and the amount of the actual weapons -- that was one thing

And, secondly, there were some references to this in one particular document that we found. While it didn't reveal the whole situation, we then used that as the basis for proceeding further and discussing with one of the participants what this all meant. And that's how this was discovered.

When you talked to Col. North over the weekend, did he admit that he had done this?

I will talk about the facts. I think as far as anything that might possibly be involved in legal action as to who admitted what, I think it would not be appropriate for me to go into that.

One final follow-up, then. How did Col. North -- let me put it this way: these transfers of monies, did they only go through one man -- Col. North? Were there no other people involved?

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No transfers of money went through anyone. Bank accounts were established, as best we know, by representatives of the forces in Central America. And this information was provided to representatives of the Israeli government and the funds -- or representatives of Israel, I should say -- and then these funds were put into the accounts. So far as we know at this stage, no American person actually handled any of the funds that went to the forces in Central America.

[inaudible] Israel deposited money to accounts that it had been asked to deposit the money to -- Israel deposited money to accounts it had been asked

These are some of the details that we're still going into, because we haven't had a chance to interview everyone.

General, have you made any finding regarding the use of the National Security Council staff as an operational wing of the government, and that it would result in something like this?

This is what the board or the commission that the president will set up will presumably be looking at. We will probably be making recommendations on this regard.

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You made the long march with the president from California, and there are many, many reports that his California friends and supporters do think there should be a real shake-up at the top. Yesterday, a No. 2 man at the State Department really damaged the president's position in a way -- publicly -- by opposing it, differing and so forth. Do you think that Secretary Shultz has behaved in the proper style, and should he stay on? And what do you think should happen? What's happening to the president?

Well, I think you know that for the almost six years that I've been here I have never commented on any other member of the administration. I'm not going to change that now. I do think -- I will say this. I think every member of the administration owes it to the president to stand shoulder-to-shoulder with his [illegible] policies that he has -- the policy decisions he has made -- as well as to stand by him when something has happened which the president didn't know, as in this case, and where he has very courageously, I think, made it immediately available to the American public and to the Congress. And I intend to do that. Other people can speak for themselves.

Mr. Meese, setting aside what the president didn't know until last night about the diversion of funds, you have the spectacle of the top members of this administration fighting one another like cats and dogs over policy, and the president's credibility being damaged as a result. Have you done nothing to address that? Has anyone here addressed it?

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I think, again, this would involve commenting on other members of the administration, which I won't do. I've already said what my position is, and my position is clearly that I think anyone who is a member of the president's staff or the president's Cabinet has an obligation either to support the policy decisions of the president or to get out.

Specifically, though, there have been published reports that you have recommended to the president or Mrs. [Nancy] Reagan or to someone that a change needed to be made at the White House staff. Is that so?

No.

Not true?

I have not -- the published reports I've seen are those which said that I was in league somehow with a, quote, "group of Californians", which had to do with major shake-ups in the government. I have not had any conversations with any Californians about such a group or making such recommendations.

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Have you had any conversations with Drew Lewis about replacing [White House chief of staff] Donald Regan, sir?

No.

You have not called Drew Lewis?

I have not called Drew Lewis, and he has not called me about getting the job, no.

Is the job open?

No.

Excuse me, sir. You said that between $ 10 million and $ 30 million surplus funds from the Iranian arms sale may have been diverted to sources in Central

I say, may have been transferred.

That's right. The public reports and what the White House has said suggested that only $ 12 million total was spent for these. What's the total cost of arms?

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The difference is — it was $ 12 million worth -- approximately -- worth of arms that was transferred from DOD stocks. That's —

Is that how the Israelis sold them for $ 10 to $ 30 million more than what?

That's my -- that's the best of our understanding at the present time, yes

Did you know they were selling them at a premium?

No one at a command level in the United States government did. No.

What was the purpose, as you determined it, for setting up this special given the funding that's been approved, why was it that someone in the White House felt it necessary to funnel this extra money to the contras?

Well, I don't know precisely — except that this was all done during a period when the funding was not being provided by the Congress. This was all done prior to the first of this fiscal year when funding was resumed. So, it was at a time when no funds were being provided by the United States government.

Is this definitely in violation in the law, then?

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That's something we're looking at at the present time because it depends on two things: precisely what was done and precisely who did it, in terms of what people who are United States officials, or United States citizens -- actually, participated, and what their conduct was. That's what we're still looking at.

In your conversations with Adm. Poindexter, how does he explain not having alerted anyone that this was going on? As you said, he was aware of those happenings and —

Again, I'm not going into any precise conversations with anyone while the inquiry is still proceeding. Let me just say that he did not notify anyone of this, particul[illegible]ident, or any of the other members of the National Security Coun[illegible]

Did he qui[illegible]fired?

Adm. Poindexter resigned — or actually requested reassignment to the Navy of his own accord before anyone ever raised any question about this. He did this of his own volition because he felt — because he felt that it was his responsibility to take that action to avoid any possible confusion over this matter and to allow the president to have a new start in terms of his national security operations.

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When did he do that, sir?

He discussed it with me, yesterday, and he actually -- and he --

That was after the information had come out about this diversion of funds to the contras, yes?

It was during the same conversation that I discussed with him that he mentioned what his feeling had been as to what he ought to do in regard to the whole matter.

But, it was only after he was aware that this had become public, and you knew about it.

No, it had not become public at that time.

But, that you knew about it, correct?

This is correct. However, I was led to believe that he had already planned to resign prior to his conversation with me, and he actually told the president this morning.

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You say the members of the administration should support the president or get out. Where does that leave the secretary of state?

I'm not talking about any particular person. Conclusions are your business, not mine.

Would you, please, clarify the whole question of the president condoning a third-country shipment prior to signing this order -- this intelligence finding in January. Exactly what did the president know, and when did he know it? Who told him the details were, in terms of Israel shipping arms to Iran, apart from this additional question of shipping arms to the contras?

This is still being looked into. The president did not have full details of all of the aspects of transactions that took place prior to the finding. There were -- there was at least one transaction that we know about in which Israel shipped weapons without any authorization from the United States. There was another transaction of a similar nature, although there was probably knowledge on the part of people in the United States about it, and this --

When was that?

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-- is one of -- there was a transaction, one transaction in late August or September, and there was another transaction in . . . of '85 -- in November. And in the November transaction, actually, those weapons were returned to Israel, it's our understanding. That was -- that whole -- both of those transactions took place between Israel and Iran, did not involve, at that time, the United States.

At what point did the president know? You said he didn't have the full details.

What details did he have about those transactions, and when did he have them?

The president -- this is one of the things that we're recollecting now. The president was informed generally that there had been an Israeli shipment of weapons to Iran sometime during the late summer, early fall of 1985, and then he later learned in February of 1986 details about another shipment that had taken place in November of '85, which had actually been returned to Israel in February of '86.

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If he didn't really know, why did he call Shi- mon Peres to thank him right after Benjamin Weir's release? Why did he call the then Israeli prime minister to thank him for Israel's help in sending that shipment of arms?

Well, he thanked -- he called -- I don't know, because that's something I have not discussed with the president specifically, the call to Shamir [sic], but I think there was no question that the Israelis had been helpful in terms of their contacts with other people in regard to Weir.

Attorney General, Adm. Poindexter has told reporters that the president verbally authorized that shipment in September of 1985 from Israel to Iran. Does your information dispute that?

Our information is that the president knew about it probably after the fact and agreed with the general concept of continuing our discussions with the Israelis concerning these matters. That's the information I have.

But who had the authorization ability, if not the president? Who can authorize --

Well, nobody -- to my knowledge . . . . To my knowledge, nobody authorized that particular shipment specifically.

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The Israelis [illegible] their own?

That's my [illegible] yes.

Do you know [illegible] claim that they never did anything without the full knowledge, und[illegible] and consent of the United States government?

My understanding is that in terms of that particular shipment -- and this is one of the --

Which one? The September '85?

The September -- August or September, it's either August or September -- that on that particular occasion, it was done at their -- on their own motion by the Israelis. It was known to us, and it's uncertain as to whether it was known before or after, and --

Didn't [former national security adviser] Bud [Robert C.] McFarlane meet with an Israeli official just at that time?

Wait a minute. Let me finish my answer -- and that it was, however, after the fact, at least, was condoned by the United States government.

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You corrected yourself to make a distinction between the Israeli government and Israelis that were involved in the diversion of funds. Are you implying that there was somebody outside the government and that they are, in fact, the kingpins behind the -- this operation to divert the funds?

Well, one of the things that's very difficult is to be talking about this in the middle of an inquiry which is not yet complete. We don't know all the facts. And so, as far as things that are happening other than involving United States persons or United States government officials that we have talked to, we don't know all the facts. That's why I'm being very careful to say that, as best we know, they were representatives of Israel. Whether they were specifically authorized by the government or not is one of the things I would assume we will find out.

What's to prevent an increasingly cynical public from thinking that you were looking for a scapegoat and you came up with this whopper, but it doesn't have a lot to do with the original controversy?

Well, the only thing that I can say is that we have been very careful to lay out the facts for you and for the American public just as rapidly as we've gotten them -- much, much different than we would do in a normal inquiry or investigation, when we usually wait until the inquiry is complete. But the

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president felt that in the interests of getting the full story out, that he should make the statement that he did today and that I should appear before you and answer questions -- which I think you will agree is doing everything we can do to be sure that there is no hint that anything is trying to be concealed.

Mr. Meese, how high did this go? In other words, do you believe, and are we being asked to believe, that a lieutenant colonel took this initiative and had these funds transferred, and that only Adm. Poindexter knew about it? How high did it go?

Well, what you have just said is an accurate picture of what we know at this time. And to the best of our knowledge -- and we have checked this rather extensively -- [illegible] did not go any higher than that.

Mr. Meese, was [retired major] general [John K.] Singlaub or [retired major] general [Richard V.] Secord or anybody in that network providing aid to the contras -- were they involved in this?

Well, I can't tell you because we have not completed our inquiry, and the only names that I have used are people with whom we have talked and have pretty good information as to who's who.

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You've talked about giving us this information about the funds to [illegible]

Congress specifically forbade you, in the Boland amendment, from directing or providing support to the contras. Haven't you, based strictly on the information you've given us today, violated the Boland amendment; and hasn't one of the president's staff members overseen that?

This is something that we are looking into at the present time. As to the specific applicability of variety of laws and whether the acts that particular persons committed were in violation of those laws, I'm not prepared at this time to make a legal conclusion because that's still under consideration.

Would you tell the president that the Boland amendment might have been violated, and that's why you were taking this action?

My answer remains the same.

Mr. Meese, you say Adm. Poindexter is being reassigned. Should he be reassigned without any determination being made as to whether or not there has been any criminality involved here?

Well, he is a naval officer, a very distinguished naval officer. He has asked to be returned to the Navy, and the president has agreed to allow him to do that. So it's a matter of him deciding to relinquish his position as the assistant to the president for national security affairs. So he automatically goes back to the Navy, as he's requested.

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[inaudible] Do you believe, or has the president expressed to you some concern that perhaps he needs to change some of his staff operations in order for him to receive more information and have more of a hands-on presidency?

It's not a matter of having a hands-on presidency, it's making sure that those people who are working for him are following the procedures. That's the reason why he has this commission which will be reviewing specifically what those procedures and what those standards of conduct are. As far as what the president didn't know, I only mentioned two times -- one time where he knew nothing, which was the transfer of funds to the forces in Nicaragua. The other thing was where he didn't have complete information at the time regarding the November transaction. And in the summer the August situation in which he was informed of that, but after the fact. And it's my understanding that the United States individuals involved were also informed after the fact.

But does h[illegible]lieve that he has been badly served? Is he angered by this?

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I think what -- that that calls for a conclusion. I'm just talking about facts.

What does this do to your credibility with Congress? I mean, how can your people now go down to Congress and look them in the eye when they passed a law opposing funds for the contras and your administration, however it happened, wound up sending that money?

I think the same way you do when anybody in the administration does something that is not correct. And that is, you go down to Congress and you [redacted] exactly what happened, which is what the president and what I did today. I don't think anyone can be responsible if someone on the lower echelons of government does something that we don't feel -- or that -- objectively viewed as not correct. But when that happens and you find out about it, you investigate it and you take the necessary action, which is exactly what we did and what the president has done.

Mr. Attorney General, will you cooperate with Congress?

It's my -- I don't like to -- I want to get Larry's [White House spokesman Larry Speakes] permission [to take additional questions], but I'm not really a sadomasochist.

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Congress will undoubtedly require its own investigation, on the theory that the administration cannot properly investigate itself in this matter. Will you cooperate with a congressional investigation?

I don't accept your premise that Congress will feel that we can't investigate ourselves. We're not investigating ourselves. We're investigating certain people within the administration. There's no question whatsoever or no implication that anything that was done was administration policy or directed by top administration officials. However, the president has already directed -- as he told you, I think almost two weeks ago -- that he wanted all members of the government to cooperate fully with the Congress so that all the facts would be presented to them. And that's why such an immediate presentation to the Congress was made, as it was this morning.

Sir, was there -- can I ask you, what did Col. North actually tell you? Why did he do it, and whe was the money deposited? Was it in one bank or several banks?

I'm not going to go into specific conversations, for the reasons that I mentioned earlier. My -- the information we have at the present time is that it was done because this was during a period when Congress had not provided money to the contras; it was done during a time in which, it is my understanding,

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that provisio[illegible]de by Congress to permit the United States to seek funding of the [illegible]caragua from third countries and -- what was the other part of [illegible]n? . . . And the bank accounts -- my understanding is that the ba[illegible] were in Switzerland and that they were -- where normal deposits are made into accounts -- into numbered accounts, and then this was withdrawn by the representatives of the forces in Nicaragua.

Was [contra leader] Adolfo Calero involved? Was he the man that North contacted?

I'm not going to be able to talk about people where I don't know specific facts.

I would like to know what's going to become of Lt. Col. North, and if he's going back to the Marine Corps?

Lt. Col. North has requested to return to the Marine Corps, and that has been accomplished As a matter of fact, I think -- my understanding is -- I believe that he has already indicated that he is retiring from the Marine Corps, but that I'd have to check.

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You said that it is time for the president's men to stand shoulder-to-shoulder -- that that is your belief. But specifically, what has the president instructed of his Cabinet members in that meeting yesterday that lasted for two hours, that he wants to have happen now?

You know that I never comment on meetings with the president and who said what.

Could you say -- since that money was owed to the U.S. government, the $ 30 million or $ 40 million, are you going to --

No, it was not owed to the U.S. government. All the money that was owed to the United States government was paid to the United States government.

Are you going to require that that additional money that went to the contras go back to the U.S. government?

We have no control over that money. It was never United States funds, it was never the property of United States officials, so we have no control over that whatsoever.

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[inaudible] Can the president legitimately expect to get anything accomplished on Capitol Hill unless he makes some changes?

I think the president has already indicated that he will make some changes. One of the things he's going to do is to have a commission to review the procedures and the role of the National Security Council staff. Already, Adm. Poindexter has requested return to the Navy, so the president can make some changes in that particular spot . . . So I think the changes are already under way.

Robert McF[illegible], the former national security adviser who was deeply involved in this whole project, did he know about this diversion of funds to the contras?

Bud McFarlane knew about it. He was told about it in the middle of the year -- April or May of 1986 -- at a time when he was no longer in the government.

So he was aware of this while it was going on?

That's my understanding, yes.

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And possibly an illegal act -- an illegal diversion of funds?

You're coming to conclusions that we haven't made yet.

Why did the administration decide not to send medicine and humanitarian aid, and isn't it true that if you had decided to go that route, you wouldn't be in the mess you're in?

That's a matter for foreign policy expertise. Justice is my routine.

Do you expect further resignations or some other way for this administration to establish its credibility and to show that its Cabinet is functioning?

I think that the administration has already demonstrated its credibility by the full disclosure of the facts. I think there's no question the Cabinet is functioning right now -- as witness the meetings we've had yesterday and today -- and I know of no other resignations that are either contemplated or requested.

Do you mean to suggest, sir, that the Congress may have authorized what Col North did in seeking funds for the contras and third countries? Did you mean to suggest that?

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I -- certainly, Congress never specifically authorized what Col North did. The question that has to be looked at, as a legal matter, is whether he committed any violation of law at the time he did that.

But, were you suggesting that the intelligence committee may have given the go-ahead to the CIA, for instance, to raise money from third countries?

No, I did not. I did not comment on that aspect of it at all. All I said -- the only point that I'm making -- is that before determining whether there is any criminal offense, you have to find out what, how the law applies to specific acts -- and that's going on at the present time.

To follow up, sir, could you explain how it is that the president's national security adviser, who has the president's ear, could not, at least, inform the chief of staff, Mr. Regan, of this?

I cannot explain it other than the fact that it happened.

Since no one other than those two men know about this, and since the president insisted that he did not make a mistake in the Iran deal to begin with, why was the investigation begun? Why did he come to you last week and say, "Look into this"?

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He didn't. I came to him.

Why?

Because as the various -- I had been in meetings -- in looking at the various aspects of the testimony -- and there appeared to be things that we didn't know [illegible] one person had done this and one person had done that [illegible] the very necessary secrecy involved in this, and the highly compartmentalized nature of the operation, a lot of people did not know certain things that were going on, that were being done by others. My suggestion to the president was that we get all of the facts together to be sure that anyone testifying before Congress was being absolutely accurate, not only as to what they knew, but as to other facts, since they were representing the administration. The president suggested that that be done -- that the facts all be pulled together. It was in the course of that, that this information came to light.

In your inquiry, did you determine how much information the State Department has gotten -- not in reference to contra money -- but in the whole respect of this Iran connection, did, were they informed, or weren't they?

Well, I think Mr. Shultz has said that he participated in certain meetings, and did get certain information, that he had opposed the concept of any

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transfer of arms, and that he was not involved, nor was he informed about any of the implementing steps. And everything that I have found, including my discussions with Mr. Shultz himself, verify that that is essentially correct.

Whose money was misappropriated? If it wasn't the United States government funds --

I don't know that anybody's money was misappropriated.

Can you explain a little more about how the pricing of these weapons took place -- I mean, who it was who set the price for the Iranians, and how that occurred? Was it North? Was it the Israelis?

My understanding is that all of that took place in negotiations between people which we might call "loosely" representing Israel and people representing Iran. And, so -- that this was not done in the presence of, or with the participation of any American persons, to the best of our knowledge at the time. That's one of the things that we'll be looking into.

Did Israeli officials know that this money then was being transferred to the contras -- that that was the goal or the target of it?

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I don't know whether Israeli officials, as opposed to representatives, depending on who the people were, knew -- that's one of the things again that we will be looking at.

Who were the Israelis and who were the Iranians?

Again, I can't mention any names until we actually have those things pinned down, which is one of the things we'll be looking at.

Was this Col. North's idea? Was it Col. North's idea -- if we can bid up the amount of money the Iranians are paying, we can take that extra money and give it to the contras? Did he come up with the original idea? Was it an Israeli idea? And a second question, sir -- there have been allegations that Vice President Bush was involved in supplying money or aiding the supply of money to the contras. Do you know whether or not he was aware of this project at all?

First, I don't know precisely what the conversations were -- who said what to who -- when this thing first got started. Again, it's a matter that is still under investigation. I do know that the president -- that the vice president did not know about any of this until yesterday when I informed him of essentially the same information I had given the president.

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How is it that so much of this can go on and the president not know it? He is the president of the United States. Why doesn't he know?

Because somebody didn't tell him, that's why. And remember, we're talking about these situations over a period of some six or eight months, and the people who were involved in the situation didn't tell anybody, including the president. So, it's common understanding why the president wouldn't know, because no one in the chain of command was informed.

Mr. Meese, if they weren't U.S. funds, whose money was this?

Well, I think that's -- I would assume that it either belonged to the party that -- who had sold the weapons to the Iranians, or it belonged to the party who had bought the weapons and given the money. That's -- but I think it would probably be the party that had sold the weapons to the Iranians.

Sir, were any of the principals on the Iranian or the Israeli side -- were they involved in cases that the Justice Department was prosecuting or investigating separately -- first? And second, was that --

Not to our knowledge, in answer to your question.

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Were these bank accounts -- is there any evidence or indication those bank accounts were set up by the CIA?

No. There's no indication at all.

Or that the contras did it with the help of the CIA?

No. There'[illegible] indication whatsoever, to the best of our knowledge -- that anyone in the CI[illegible] anything about it.

Can you explain, sir, why, if it was the people who are leaving today -- and were the ones who proposed to the president the idea of arms shipments to Iran -- if, perhaps, they had other information from the president on that policy, as well, why doesn't the president ask for a reexamination of that policy? Perhaps the four goals that you mentioned, which they proposed -- that there's a question about them, as well? Perhaps the president has been misled about this larger policy, as well, since we know that Secretary Shultz opposes it and Secretary Weinberger opposes it, but the main advice came from NSC, from the people who are now leaving. Don't you think the president should reexamine that policy as well?

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No, because the people who are leaving today were not the people that proposed the policy to the president. The policy was proposed initially as a result of conversations with Israel. It was then presented to the president by the then-assistant to the president for national security affairs. It was

discussed with all of the members, in January, with all of the members of the National -- or almost all of the members of the National Security Council and that on the National Security Council there was a split of opinion. But after hearing all of the arguments, pro and con, the president decided that the potential for achieving the goals of effecting peace in the Middle East, helping secure that area, stopping a war and obtaining our hostages was worth the risks involved.

Can you say that when the president made that decision -- who was his national security adviser?

Adm. Poindexter was actually -- it really was at the time when Bud McFarlane was leaving. The discussions with the president about this specific series of events had gone on under Mr. McFarlane during 1985 and the specific discussions of some of these things that led to the finding in January had actually started in December, while Mr. McFarlane was here.

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He was transferring out during the latter part of December and the early part of January. At that time, Adm. Poindexter came in.

So he knew about details of this operation but didn't tell anyone in the administration for --

Mr. McFarlane?

Yes.

He didn't learn of this, of the transactions involving the forces in Central America until probably April or May of 1986.

Why did he [illegible] anything to the president?

I don't kn[illegible]

He did go [illegible] for the president --

He didn't --

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-- in May of that year, right? He was a representative of the president

That's correct. Whether he talked with the president during that period of time, I don't know.

Well, why should the president take these people's advice, sir?

Well, because -- the president didn't just take these people's advice as to the overall policy. He had the advice of the entire range of his national security advisers.

Most of them advised against it.

All of his advisers . . . . two of -- some of whom advised against it, some of whom advised in favor of it.

Who else advised in favor of it besides members of the NSC?

As you know, I don't talk about who gives advice to the president.

The people who you say profited from this diversion of funds, these then are the people that we were working with, people perhaps that were even aboard the

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plane with Mr. McFarlane into Iran . . . .

No, no. The people who profited? I don't know that anyone profited. The fund --

In Israel, who you say --

I don't know that anyone in Israel --

-- owned the money that got diverted into --

The money that was transferred to the forces in Nicaragua -- I don't know that anyone who was involved in that transaction was necessarily on the plane with Mr. McFarlane. That's something we haven't gone into yet.

We now know of three specific shipments, unless I'm mistaken -- the one in late August, early September, as you've described it; one in November, which was returned to Israel; and then another one in May. The diversions of funds took place from which of those or all three of those?

There were several shipments -- there were, I believe, three or four shipments during 1986. I can't give you the precise dates. The transfer of

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funds were involved with at least one and possibly three of those shipments during the period from roughly January of 1986 or February through probably September of 1986.

Mr. Meese, Mr. [Eugene] Hasenfus is in jail in Nicaragua, as you know, for running supplies into Nicaragua to help the contras. Did his mission, can you now say, was it in any way funded by any of these diverted funds?

I have no knowledge and I doubt if we'll ever find out since we have no information about how those funds were used once they were ultimately received.

GRAPHIC: Photo, President Reagan steps aside as Attorney General Edwin Meese III prepares to speak to reporters at the White House. (President Reagan and

EXHIBIT EM-55

205pm

AG, WWebster, AB, CJC, JR, TKC, WBR (SST join $\sim 2^{20}$)

(★) 1. Criminal liability:

- Bolan amendment. (no crim?)
- arms Export
- neutrality
- misapprop.

[redacted] Cost of mat'ls – mkt/course of dealing?

- involvmt of CRM Div. — internal securit
- Mark Richard —:
- possible potential use of immunity

(★) 2. NSC documents:

AB call for documents from Wallison.

3. Put together a full blown chron.

4. Regroup at 5^{45} pm

EXHIBIT
EM-55

EXHIBIT EM-56

mon Peres 26 NOV 1986 4:40 pm

Transmitted defensive arms upon US request

Money paid directly by Iranians to account of Amer Co. in Switzerland
Israeli only told amt
Didn't know end user

will release in 20 min

[redacted]

Want to be helpful

EXHIBIT
EM-56

EXHIBIT EM-57

UNCLASSIFIED

The Director of Central Intelligence
Washington, D.C. 20505

25 November 1986

EXHIBIT
EM-57

The Honorable Edwin Meese III
The Attorney General
Department of Justice
Washington, D. C. 20530

Dear Ed,

As promised this morning, I send you herewith copies of memoranda reflecting information which Roy Furmark brought to us. Roy Furmark is a friend and former client of mine who I had not seen in probably six or seven years. He telephoned in early October to say he had some information which he wished to bring to me. He came down to see me on October 7 and provided me with more information than I had ever heard about the Ghorbanifar-Israeli channel to the Iranians.

Furmark said that he had been involved in a Ghorbanifar-Israeli channel to the Iranians from its inception. Bob Gates and I passed this information to John Poindexter a day or so later. We urged him to get all the facts together and have a comprehensive statement prepared because it seemed likely that the litigation which Furmark said his clients were contemplating would require this. We also told him that the NSC personnel involved in this should get legal advice and recommended he take up with the White House Counsel all the facts and circumstances. I believe John later told me that he would not take the matter up with the White House Counsel but would seek the advice of Paul Thompson, his military aide who is a lawyer.

Gates said that he would apprise the CIA General Counsel's office about this matter and get his advice.

I had Charlie Allen and George Cave, who have the deepest knowledge and background of the matter, go up to New York to discuss the whole thing at length with Furmark. I enclose memorandums of 17 October and 7 November on their meetings with Furmark. I also enclose a memorandum of 14 October which I had prepared and I believe delivered to the NSC to review the state of play on the channel to the Iranian government.

I also enclose a memorandum which I had not read until this morning addressed to John Poindexter which seems to have been prepared for my signature. It appears never to have been signed and I don't recall ever having read it before. Charlie Allen tells me it was prepared by him and George Cave but apparently never went forward.

Yours,

Bill

William J. Casey

Enclosures

CL BY [illegible]
RVW OADR

[redacted]

Partially Declassified/Released on 15 July 1987
under provisions of E.O. 12356
by B. Reger, National Security Council

3016

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The Director of Central Intelligence

Washington, D.C. 20505

MEMORANDUM FOR: Vice Admiral John M. Poindexter, USN
Assistant to the President for
National Security Affairs

SUBJECT: Roy Furmark's Comments on the Hostage Situation

1. Charles Allen and George Cave went to New York on 22 October 1986 to meet with Roy Furmark. This was an extremely interesting meeting in that it revealed that the financial backers of Ghorbanifar have been aware of the operation since its inception and may actually have played a key role in getting it moving, possibly for altruistic reasons, but almost certainly for their own profit. Roy himself admitted several times during the evening that profit was certainly a motive but that the group did see their efforts as leading towards stability in the region and the release of the hostages. Roy appeared to be very open during the course of the evening and everything he told us tracked with what we know. The only doubtful answer he gave was in reply to a question as to whether some of the principals were involved in the sting operation. Roy said that none of the principals were involved, however, one of the players, lawyer Samuel Evans, was the major indictee and is free on $4.5 million bond. Roy claims that Evans owes him $200,000.

2. Khashoggi has been involved in this from the beginning as Ghorbanifar's financier. Everything started in January 1985 with a meeting in Europe, Frankfurt apparently, involving Ghorbanifar, Khashoggi, Roy, and others. This was followed up by subsequent meetings in Paris and London. These meetings culminated in a meeting in August 1985 in Tel Aviv. Roy went to Tel Aviv with Ghorbanifar and while there they stayed with Nimrodi in his house. During the course of these meetings, Roy met Amiran Nir. At this meeting it was decided that it was necessary to get Washington's approval for the overall plan. There were two basic objectives; one, get release of the hostages, and two open up a dialogue with Iran. Schwimmer was sent to Washington to obtain this approval. Roy is uncertain as to whether he discussed this with North or MacFarlane in Washington. Ghorbanifar also made a total of four trips to Washington. Ghorbanifar represents the line held by the Prime Minister which Roy describes as "Moderate." (We did not tell him that the Prime Minister could not be considered as Moderate.) By way of personal relationships, Roy

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said that he has known Khashoggi since 1966 and trusted him. Roy added that Schimmer and Khashoggi are close. Roy thinks this points up Khashoggi's breadth of vision. Roy pointed out that Schimmer had actually returned from a visit to China to make the August meeting.

3. The first transaction was in September 1985 and was for 500 TOWs. The cost of the TOWs was $5 million. Khashoggi put up the money because he believes in Ghobanifar. The cost to Iran was $6 million. This allowed for $1 million to cover profit and expenses. The first shipment of TOWs was defective, so a second shipment was sent. There was a subsequent $5 million deal that went off in the November-December timeframe. Khashoggi told Roy that they were not involved, but Roy is certain that this was a Khashoggi/Ghobanifar organized deal.

4. Roy said that prior to the next deal, there was a meeting in the Paris airport hotel; he forgets or never knew exactly who was involved in this meeting. The meeting concerned Hawk spare parts. The deal for the Hawk spare parts began to be put together in April 1986. Khashoggi raised $15 million to cover the deal $5 million from an Arab financier, and $10 million from two Canadians. Khashoggi raised the money on 15 May. A group of Americans went to Tehran and took with them seven percent of the Hawk spare parts which consisted mainly of nuts and bolts. With regard to this deal, the financiers, Ghobanifar, and Nir met and agreed that $3 million would be added to the price to cover profit and expenses and also another $2 million would be added to cover monies owed to Nir. The price to the Iranians would then be $20 million. (Why did Ghobanifar charge $24.5 million and with Nir's knowledge?) Neither Roy nor the financiers apparently know anything about the raise in the price by Ghobanifar, although they are aware that the Iranians objected strenuously to the price. Ghobanifar told Roy and Khashoggi that he believed the bulk of the original $15 million price tag was earmarked for Central America. In this regard, Ghobanifar told Roy that he was relieved when the $100 million aid to the Contras was passed by Congress.

5. The above requires clarification. In Tehran, Ghobanifar took Cave aside and told him that the Iranians would be questioning him about the price of the Hawk spare parts. Ghobanifar told Cave to insist that the price of $24 million old dollars is correct. When asked about the huge jack up in price, Nir gave a long circumlocution on why the price of over $24 million was correct. We were so concerned about this that we considered telling Ghobanifar exactly how much he could charge on any subsequent deals. From Roy's comments, it is clear that the 20 percent interest Ghobanifar told us about is in fact the gross profit margin agreed upon.

6. Roy said that Ghobanifar told them that he received two payments, one for $3 million and the other for $5 million. As originally agreed upon, the Arab investor was supposed to get back $6 million for his cut and the Canadians would get back $11 million. The other $1 million was to go to Khashoggi. Ghobanifar's cut was to come out of the $1 million. To the $8 million that Ghobanifar received, he added $100,000 of his own funds. The Arab investor was paid off ($5 million). The two Canadians received $1.1 million. Roy was not sure but presumably the $2 million went to Nir.

Originally, the Canadians were given a check by Khashoggi in the amount of $11 million to cover the $10 million they provided Khashoggi. The monies to cover the Hawk shipment were paid into an account of a company called Lakeside which is an off-channel company. The Canadians believe that the money was stolen and this is giving Khashoggi heartburn. (Note: This does not square with what we know. We know that Ghobanifar received $4 million from the Iranians in July. He also received $8 million into his Swiss bank account on 21 August. These two payments were cash. He may also have received a check for $6 million in between these two payments. The Iranians raised a big stink about the price of the Hawk spare parts and Ghobanifar offered them a $6 million deduction. According to [redacted] the $8 million payment on 21 August squared their accounts with Ghobanifar by mutual agreement. In fact, according to [redacted] $7 million covered the remainder of the deal, the other million was to help Ghobanifar finance the next deal.)

7. Roy's suggested solution to the problem is to let Ghobanifar handle the shipment of the remainder of the Hawk spare parts. Proceeds from this deal would allow them to ease the Canadian pressure. Then it would be 500 TOWs for one hostage and another 500 TOWs for a second hostage.

Sincerely,

William J. Casey

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7 November 1986

MEMORANDUM FOR: Director of Central Intelligence
Deputy Director of Central Intelligence

FROM: [redacted] Charles E. Allen
National Intelligence Officer for Counterterrorism

SUBJECT: Meeting with Roy M. Furmark

1. Roy M. Furmark, head of Adnan Khashoggi's New York operations, called on 5 November 1986 to request an urgent meeting with me in Washington. I met with Roy on the afternoon of 6 November at the Key Bridge Marriott Hotel. He provided further information on the fallout that is occurring with the shutdown of the Ghorbanifar [redacted] channel. The following are highlights of the conversation with Roy:

a. The Canadian investors who put up $11 million to finance the arms transactions with Iran have retained a Washington law firm to bring suit against Khashoggi and the offshore company Lakeside, the firm into which they paid the $11 million to cover the cost of Hawk missile parts. The Canadians told Roy that they would bring suit against Khashoggi and Lakeside on Monday, 10 November, and that they intended to implicate in the litigation directly senior levels of the US Government. Roy claimed, however, that the Canadians had agreed--at his request--to withhold filing the suit until 17 November.

b. After the release of Jacobsen, the Canadians began to press Ghorbanifar and Khashoggi for repayment of the money owed. Ghorbanifar told the Canadians that the latest transaction did not involve him in any way and that the United States was "dealing direct" with the Iranian Government.

c. The Canadians tend to believe Ghorbanifar because they have had their lawyers block Ghorbanifar's account in Credit Suisse. If funds had been transferred into Ghorbanifar's account in repayment for arms shipped to Iran, Credit Suisse would have automatically transferred that money to the Canadians' account in the Bank of Montreal.

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d. The Canadians are extremely angry, they are pressing Khashoggi hard, and firmly believe that the Iranian Government has paid money to someone as a result of additional arms having been sent to Iran. They claim that Jacobsen's release could only have resulted from another arms transaction with Iran.

e. The Canadians involved are [redacted], a financier who operates out of the Cayman Islands, and [redacted], who operates out of Toronto and Vancouver. The third individual involved in the investment effort is [redacted] (Roy could not remember his name) who lives in Los Angeles, California. The [redacted] knows a number of prominent Congressmen (Cranston was mentioned) and even advises the [redacted] has counseled [redacted] and [redacted] to be patient, but the two Canadians are now determined to recover their money.

f. The Canadians intend to expose fully the US Government's role in the backchannel arms transactions with Iran. They believe Lakeside to be a proprietary of the US Government; they know that former Major General Richard Secord is heavily involved in managing the arms transactions to Iran for Oliver L. North, and that Secord is also involved in assisting North in the support the Contras in Nicaragua.

g. When the Canadians originally put up the money after negotiations with Khashoggi and Ghorbanifar, they believed the effort was formally sanctioned by the US Government. They are not concerned about the politics of the US-Iranian equation; they simply want repayment of $10 million. [redacted], a tough and sleazy individual, is especially determined to get his money back.

h. In addition to bringing suit against Lakeside and Khashoggi and exposing US Government involvement in the arms transactions, the Canadians intend to use [redacted] to lobby key Congressmen. The Canadians believe that they have been swindled and that the money paid by Iran for the arms may have been siphoned off to support the Contras in Nicaragua. The Canadians originally expected to be repaid in thirty days; it has now been six months and they have received only $1.1 million.

i. While Ghorbanifar managed the channel to Tehran, he coordinated his initiatives in a variety of ways with all significant factions in Iran. Clearly, whoever is running the new channel has failed to do this, a devastating mistake.

2. Roy stated that he would endeavor to identify the law firm that the Canadians have retained and would call me on 7 November. It was his understanding that the law firm in question at one time had handled a case involving President Nixon. The Canadians have told Khashoggi that they have already lost $6 million as a result of their ill-fated investment. For his part, Khashoggi is demoralized and is unable to correct the situation, given his own financial difficulties. Ghorbanifar, according to Roy, has spent large sums of his own personal fortune over the past 18 months on this effort. He described Ghorbanifar as an excellent broker with extraordinarily high-level contacts in Western Europe, the Middle East, and Iran. Ghorbanifar, however, is angry and bitter and his health is now impaired.

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3. Roy offered no specific suggestions on how to solve the financial problem but stated that somehow $10 million should be paid into Ghobanifar's account at Credit Suisse (Account Number 283838-92-1). Because Ghobanifar's account at Credit Suisse is totally blocked, the money would simply be transferred to the Canadians. All the Canadians have are checks from Ghobanifar and Khashoggi—checks that are worthless. Roy reaffirmed that Ghobanifar and Khashoggi have been able to pay off the other investor—an Arab who put up $5 million. Roy stated that he and Khashoggi may see the Canadians in Europe in the near future to request more time, but they were not sanguine that anything would result from such a meeting.

4. The Canadians have told Roy that they had kept their word keeping these transactions totally secret, but now felt no compunction to do so in the future in view of media exposure of the MacFarlane trip. Roy stated that he personally felt responsible for persuading Khashoggi to help finance these transactions. The effort had taken considerable courage both on the part of both Ghobanifar and Khashoggi. In Roy's opinion if the transactions had proceeded as planned in July 1986, the hostage issue would have been resolved by now. The apparent switching to another channel by the United States in dealing with the Iranian Government, however, had destroyed this process. The current publicity about these transactions probably has foreclosed any near-term hope of obtaining Iran's support in securing the release of additional hostages. The damage that could occur from the legal efforts of the Canadians is potentially significant, especially because the Canadians are aware of all of the transactions that have occurred over the past 14 to 15 months.

6. I conclude from Roy's statements that:

a. Furmark is personally troubled by having persuaded Adnan to put up capital for a venture that has now gone sour.

b. His approach to the US Government appears to be a last-ditch effort to try to pressure the government to take some action, for example, ensuring another shipment of arms through Ghobanifar.

c. Some very nasty allegations against the US Government and key officials will be made if the Canadians bring civil suit, although much of what they know is speculation and cannot be proven.

d. The fallout from any litigation by the Canadians may not be too significant, especially since the press already have major pieces of the back channel effort with Iran.

e. When dealing with Iran, every faction--to some extent--must be taken into account. The fact that Ghobanifar kept Ayatollah Montazeri fully informed on his initiatives with the United States suggest that radicals around Montazeri have decided to use the MacFarlane visit and contacts by Iranians with the United States as a way to attack Rafsanjani's moderate faction. Ghobanifar, bitter and angry, may have actually encouraged radical elements to expose those contacts, although the arrest of Mehdi Hashemi probably finally triggered the action by the radicals.

[redacted]/SENSITIVE/EYES ONLY

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f. Even though the situation is messy and is likely to become even messier, we should keep in some perspective the damage that can be caused by the Canadians. On balance, given the current exposure, the damage now might not be too great.

Charles E. Allen

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The Director of Central Intelligence
Washington, D.C. 20505

National Intelligence Council

17 October 1986

MEMORANDUM FOR: Director of Central Intelligence
Deputy Director of Central Intelligence

FROM: Charles E. Allen
National Intelligence Officer for Counterterrorism

SUBJECT: Ghobanifar-[redacted] Channel

1. My meeting yesterday with Roy M. Furmark, New York representative of Adnan Khashoggi, only served to underscore the serious concerns that I outlined to you in my memorandum of 14 October. Indisputedly, we must endeavor to effect an orderly, damage-limiting shutdown of the Ghobanifar-[redacted] channel now before serious--perhaps irrevocable--damage is done to current initiatives to free American hostages in Lebanon and to establish links with moderate factions in the Iranian Government.

2. Furmark, in a brief conversation with me on 16 October, made the following points:

--He has known Ghobanifar since January 1985 and has detailed knowledge of the Ghobanifar-[redacted] channel (although he never mentioned [redacted] -r name).

--He has met with Ghobanifar many times and participated in discussions in the summer of 1985 on the need for rapprochement between the US and Iran. He acknowledged that rapprochement was not just a national security issue, but that he, Ghobanifar, Khashoggi, and others saw a potentially lucrative market if relations were reestablished between Tehran and Washington.

--The idea of providing Iran with military equipment in exchange for American hostages--seen as a way of commencing a dialogue with Iran--also originated in the summer of 1985 and he along with Ghobanifar, traveled to Tel Aviv in August 1985 where they met with a number of Israeli officials including Amiran Nir, Israeli Special Assistant to the Prime Minister for Combatting Terrorism. Subsequently, arms were delivered to Tehran in September 1985, a development that resulted in the release of Reverend Benjamin Weir.

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--After a number of false starts in late 1985 and early 1986, Khashoggi agreed to finance another arms transaction in May 1985, just prior to Bud Macfarlane's secret visit to Tehran. He borrowed money from a number of Canadian financiers. On the basis of a signature loan, he borrowed a total of $15 million at 20 percent, agreeing to repay principal and interest in 30 days. Everyone anticipated that the Macfarlane visit would result in resolution of the hostage crisis.

--Unfortunately, this did not occur, and only $8 million has been paid by the Iranians for the equipment received. Of this, $5 million has been used to pay back one creditor; the remaining $3 million has been used to cover expenses and for other matters. No profit has been realized, and Khashoggi owes the Canadians $10 million.

--The current financing was complicated by the fact that Iranian officials in the Prime Minister's Office complained about the price of the Hawk spare parts that were shipped, asserting that the cost was five or six times what should have been charged. Many of the delivered items, moreover, did not work or were for a different model of the Hawk missile system.

--Iranian officials, after having paid $8 million in cash, claim that no additional funds are owed to Ghobanifar or Khashoggi. The shipment of the Hawk spare parts to Tehran, however, resulted in the release of Father Lawrence Jenco.

3. Furmark stated that the current situation has left Ghobanifar and Khashoggi with $10 million of indebtedness and no prospects for resolving this indebtedness. According to Furmark, Ghobanifar and, by virtue of his financial involvement in the scheme, Khashoggi, are being blamed by the Canadian creditors for this situation. The Canadian entrepreneurs, who have investments in oil, gold, mining, and real estate, reportedly are aggressive, tough-minded individuals who have influential contacts in Washington. They have told Khashoggi that unless some payment on the principal is forthcoming, they would begin to inform individuals like Senators Leahy, Moynihan, and Cranston around 15 October about this back-channel deal with Iran and how they have been swindled. Furmark, while stating that he was not authorized to provide the names of the Canadian investors, asserted that we should not underestimate the determination of the Canadians. He claimed they have a reputation for dealing roughly with those who do not meet their obligations. Khashoggi allegedly is trying to get them to extend the 15 October deadline, but was uncertain as to whether he would be successful in this effort.

4. Furmark stated that he spent two days last week in London talking to Ghobanifar. He stated that Ghobanifar is telling the truth about these transactions and insisted that the Iranian entrepreneur had not made any profit off this deal. He stated that Ghobanifar was in a "devastated" condition without any constructive ideas on how to pull himself out of his current financial morass. Khashoggi, who also has financial problems, is not in a position to repay the Canadian creditors. Furmark stated that he had worked for many years in the oil business and was a good judge of individuals who were attempting a swindle. In this case--regardless of other Ghobanifar business deals--he was convinced that the Iranian was essentially telling the truth.

[redacted]/SENSITIVE

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5. Furmark stated that everyone had agreed to keep this back-channel arrangement with Iran "highly secret" but that if the situation remained static, he is absolutely certain that the Canadians will talk and that the matter will eventually become public knowledge. He recommended that the US consider at least a partial shipment of additional arms to Iran in order to maintain some credibility with [redacted] and to provide Ghobanifar with some capital so that the investors can be repaid partially and so that Ghobanifar can borrow money to finance additional shipments. This would keep the process rolling and could result in release of additional hostages. Furmark offered to meet with me in New York next week in order to report fully on his involvement in these transactions.

6. Comment: I find Furmark's detailed knowledge of the Ghobanifar-[redacted] link deeply troubling. Regardless of who is at fault on the financing--and we know that Ghobanifar is not to be trusted—the exposure of these back-channel dealings will almost certainly have a crippling effect on the new channel that has now been opened between the United States and [redacted] The risk of exposure is growing daily, and I again believe that you must advise Admiral Poindexter that a group be formed that is knowledgeable of the Ghobanifar-[redacted] channel to consider how to cope with this burgeoning problem. If this is not done immediately, I predict an exposure of this activity in the near future. At a minimum, we need to find ways to stave off disclosure for 60-90 days while we work the [redacted] channel tactically to get our hostages released. Furmark showed no indication that he was aware of the new channel, but we know Ghobanifar is aware.

Charles E. Allen

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EXHIBIT EM-58

26 NOV 86 III-3
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AG + Investigatory Team:

AG, SST, WBR, CJC, JR, TKC, Keeny, Hendricks, Clark,
FBI agents (see list):

AG: Not clear any crime has been committed. Thought we'd review facts we know. Implications f/ OLC, too.
FBI team will be factfinders.
Try to sketch out what we've found.
When looking into legal aspects for testimony, found there were gaps due to compartmentalization of project. RR tasked me to look into facts.
Over Sat, WBR looking at docs at NSC found reference to Nicar. funding.

Based on finding Jan 86 CIA auth to ship modest amt defensive weapons to moderates in Iran.

Objectives:

EM-58

1- strengthen mods
2- end war
3- elim terrorism
4- assist to locate &
release hostages.

As showing of good faith, Iranian try to get release of hostages thru influence. Irs good faith → TOWs.
At time, discussions w/ Israelis & Americans, but not DOD or CIA due to legal restrictions. Ollie North (or colleagues — Second) and partner — Yachim or Hachim. Apparently — set price higher than cost (old tows cost v. mkt value) and diff. to Contra accts.

(JR cut: off minutes)

Peres gest.:

AIB: conversation — { Wallison + Stephens
-whole request
-Well prepare: f/u memo from AIB.

EXHIBIT EM-59

U.S. Department of Justice

86-4232
A01

WFW:MMR:PTW:aem

Washington, D.C. 20530

DEC 17 1986

Honorable David Durenberger
Chairman, Select Committee
  on Intelligence
United States Senate
Washington, D.C. 20510

Dear Mr. Chairman:

As you requested of Attorney General Meese during his appearance before the Committee, I am furnishing you herewith copies of our request under the Treaty between the United States and the Swiss Confederation on Mutual Assistance In Criminal Matters in the investigation of Lt. Colonel Oliver L. North and others dated December 12, 1986, and our supplemental request dated December 15, 1986.

Sincerely,

Philip T. White

Philip T. White
Director
Office of International Affairs
Criminal Division

Enclosures

EXHIBIT
EM-59

U.S. Department of Justice

Criminal Division

Office of the Assistant Attorney General

Washington, D.C. 20530

86-4232
AO2

DEC 12 1986

TO: The Central Authority of Switzerland

SUBJECT: Assistance Under the Treaty on Mutual Assistance in Criminal Matters in the Investigation of Lt. Colonel Oliver L. North and Others

The Central Authority of the United States requests the assistance of the appropriate authorities in Switzerland under the Treaty on Mutual Assistance in Criminal Matters.

The Federal Bureau of Investigation (FBI) is investigating Lt. Colonel Oliver L. North and others who, acting on behalf of the United States, sold to Iran arms belonging to the United States. A portion of the proceeds from these arms sales are unaccounted for and are believed to have been unlawfully converted. These proceeds are believed to have been deposited in an account or accounts at Credit Suisse Bank. The records of the account(s) are needed to: (1) identify the parties with signature authority over the account(s); (2) determine the amount of the arms sales proceeds that belong to the United States or other parties; and (3) trace the disposition of these proceeds. It is also requested that the account(s) be frozen so that any proceeds in the account belonging to the United States or other parties may be claimed.

The FBI is also investigating North and others with respect to the disposition of funds allegedly deposited by a third country into an account at Credit Suisse Bank. North, acting on behalf of the United States, provided the account number into which the third country was to deposit funds. This account is one of the above-described accounts at Credit Suisse Bank used for arms sales proceeds. The third country has informed the United States that it made a deposit to that account. North has stated that the deposit was not received. The records of the account are needed to: (1) identify the parties with signature authority over the account; (2) determine whether the deposit was made and the amount thereof; and (3) trace the disposition of any funds so deposited. It is also requested that this account be frozen so that any funds provided by the third country will not be dissipated or unlawfully converted.

Pursuant to United States law, 28 USC 591 et seq., an independent counsel is expected to be appointed in the near future to exercise the investigative and prosecutorial functions and powers of the Department of Justice over these matters.

THE FACTS

In the latter part of 1985, North, Deputy Director of Political - Military Affairs of the National Security Council

(NSC), a United States government agency, was authorized to enter into certain negotiations with Iran, which included the sale and delivery of United States arms to Iran. He was at all times during his negotiations with Iran to act in his official capacity and as an agent of the United States.

In connection with this effort, the United States authorized the sale to Iran of arms costing approximately $12,000,000 in furtherance of the initiative for which North was responsible. North arranged for the negotiation of a purchase price, to be paid by Iran, substantially in excess of $12,000,000. Proceeds in excess of the cost of the arms (approximately $12,000,000) and brokers fees (unknown) were apparently intended by North to be converted to other uses. Although North acted in his official capacity and was an agent of the United States in negotiating with Iran, he was not authorized to secure sales proceeds from Iran for conversion to other uses.

In September, 1985, and in February, May, and November, 1986, the United States arms were transported to Iran. After each shipment, Iran made payment in accordance with North's instructions. North or his representative had control over an account at Credit Suisse Bank, Geneva, Switzerland. North provided the account number (368-430-22-1) to the Iranian representatives through an intermediary. Iran made payment to that account. North arranged for the transfer of part of the money (approximately $12,000,000) to the proper United States fiscal authorities; the remainder of the money is unaccounted for.

During the negotiations with Iran, North was assisted by Albert Hakim, an Iranian-born American who speaks Farsi, and Richard Secord, a retired Air Force General with numerous Iranian contacts, both of whom are employed by Stanford Technology Trading, Inc., a firm that purports to sell security systems overseas. North had recommended to the NSC that Hakim and Secord be included as members of the negotiating team. Both Hakim and Secord attended meetings at the NSC and met with Iranian representatives in foreign countries with respect to the arms sales. Hakim's attorney has represented that Hakim participated in negotiations of the February, 1986, arms sale and that some of the proceeds were channeled into accounts to which Hakim had access.

In late November, 1986, the United States learned that the arms sales price paid by Iran was well in excess of the monies accounted for. North thereafter acknowledged that the arms were sold for an amount in excess of $12,000,000 plus brokers fees, but has declined to account for the remainder. North has asserted that the excess was provided to a resistance movement in a Latin American country. There is reason to believe that the resistance movement did not receive the full amount of the excess, or value equivalent to the excess.

During this same period of time, North was requested by the United States Department of State to perform a task unrelated to Iran but for the benefit of the resistance movement. The Department of State, in accordance with United States law, had solicited $10,000,000 from a third country to be provided as humanitarian aid to the resistance movement. North was asked to provide a Swiss bank account into which the funds could be deposited and from which the State Department could direct or cause payments to the resistence movement for uses other than the purchase of weapons.

In July, 1986, North provided an account number (368-430-22-1) at Credit Suisse Bank, Geneva, Switzerland. On November 1, 1986, North was asked whether the money had been deposited. He replied that it had not. On December 4, 1986, the third country advised the Department of State that the money had been transferred to the Credit Suisse account (368-430-22-1) on or about August 19, 1986. These monies remain unaccounted for at this time.

THE OFFENSES

18 USC 371

If two or more persons conspire either to commit any offense against the United States, or to defraud the United States, or any agency thereof in any manner or for any purpose, and one or more of such persons do any act to effect the object of the conspiracy, each shall be fined not more than $10,000 or imprisoned not more than five years, or both.

18 USC 641

Whoever ... knowingly converts to his use or the use of another, or without authority, sells, conveys or disposes of any ... thing of value of the United States ... shall be fined not more that $10,000 or imprisoned not more than ten years, or both ....

18 USC 1343

Whoever, having devised or intending to devise any scheme or artifice to defraud, or for obtaining money or property by means of false or fraudulent pretenses, representations, or promises, transmits or causes to be transmitted by means of wire, radio, or television communication in interstate or foreign commerce, any writings, signs, signals, pictures, or sounds for the purpose of executing such scheme or artifice, shall be fined not more than $1,000 or imprisoned not more than five years, or both.

18 USC 2314

Whoever transports in interstate or foreign commerce any goods, wares, merchandise, securities or money, of the value of $5,000 or more, knowing the same to have been stolen, converted or taken by fraud; or

Whoever, having desired or intending to devise any scheme or artifice to defraud, or for obtaining money or property by means of false or fraudulent pretenses, representations, or promises, transports or causes to be transported, or induces any person to travel in, or to be transported in interstate commerce in the execution or concealment of a scheme or artifice to defraud that person of money or property having a value of $5,000 or more ... shall be fined not more than $10,000 or imprisoned not more than ten years, or both.

PERSONS INVOLVED

Name:	Oliver L. North
Citizenship:	United States
DOB:	October 7, 1943
POB:	San Antonio, Texas
Residence:	Kentland Drive Great Falls, Virginia
Employer:	United States Marine Corp

Name:	Albert Hakim
Citizenship:	United States

DOB: July 16, 1936

POB: Tehran, Iran

Residence: 16375 Aztec Ridge Drive
Los Gatos, California

Employer: Stanford Technology Trading, Inc.
1299 Delmar Avenue
San Jose, California

Name: Richard Vernon Secord II

Citizenship: United States

DOB: July 8, 1932

POB: Larue, Ohio

Residence: 6502 Anna Marie Court
McLean, Virginia

Employer: Stanford Technology Trading, Inc.
Vienna, Virginia

PERSONS AFFECTED

None known at this time.

DOCUMENTS NEEDED

Please provide complete records of account number 368-430-22-1 or any other account at Credit Suisse Bank, Eaux Vives Branch, Geneva, Switzerland, held or controlled by Lt. Col. Oliver L. North, Albert Hakim, and/or Richard Vernon Secord II, or of any other account (especially an account which can be identified as one from which money came to an above-described account, or to which money from an above-described account went) related or traceable to any of the following: the above-described accounts, the arms sales transactions, the third country deposit, or the parties involved in this request; at Credit Suisse or any other bank in Switzerland. The records should include, but not be limited to:

(1) original signature cards;
(2) opening account documentation;
(3) periodic account statements;
(4) account ledger cards;
(5) records of all items deposited, withdrawn, or transferred, including front and back copies of items deposited or withdrawn;
(6) wire transfers;
(7) certificates of deposit;
(8) letters of credit;
(9) correspondence to, from, or on behalf of the account holder; and
(10) memoranda relating to the account.

TESTIMONY NEEDED

Please identify the officials of Credit Suisse Bank who opened the account(s) and executed any subsequent disposition of funds in the account(s). Please interview these officials on the following points:

(1) the identity of the person(s) who opened the account(s);

(2) the circumstances under which each account was opened;

(3) the identity of any person ordering the disposition of the money from the account(s); and

(4) the disposition of the money after it had been placed in the account(s), including the instructions received and the means by which they were conveyed.

PROCEDURES TO BE FOLLOWED

Please ask the cantonal magistrate to do the following:

(1) interview the appropriate bank officials and provide a proces-verbal pursuant to Articles 1(4)(b), 10, and 12;

(2) require production of original documents or true copies thereof from the bank pursuant to Articles 1(4)(c) and 18(1);

(3) attach to the documents a Certificate of Authenticity of Business Records completed and signed by the person producing the documents pursuant to Article 18(2);

(4) affix his seal (or stamp) upon the Certificate pursuant to Article 18(3) if satisfied that, under the procedure followed, a false statement on the Certificate would subject the person who completed and signed it to criminal penalty under Swiss law; and

(5) invite the bank officials giving testimony and producing the documents to appear in the United States at some future date, at the expense of the United States Government, to testify at a proceeding pursuant to Article 23(2). If any witness chooses not to appear in the United States, a formal deposition of the witness in Switzerland at some future date is requested pursuant to Articles 10 and 12.

William F. Weld

William F. Weld
Assistant Attorney General
Criminal Division
United States Department of Justice

U.S. Department of Justice

S6-4232
A03

Washington, D.C. 20530

December 15, 1986

Pascal Gossin, Esquire
International Legal Assistance Section
Federal Office for Police Matters
Bundesrain 20
CH 3003 Bern
Switzerland

Re: Request for Assistance in the Investigation of Lt. Col. Oliver L. North and Others (B 68165 Gop)

Dear Mr. Gossin:

By letter dated December 12, 1986, this office transmitted a request for assistance in the above investigation. By telefax dated December 15, 1986, you informed us that, pursuant to the request for assistance, certain accounts at Credit Suisse Bank have been provisionally frozen but that the freeze will be maintained for 30 days only absent a translation of the request for assistance. This letter is intended to clarify and supplement the request for assistance dated December 12, 1986.

With respect to the provisional freeze, this office will provide a translation of the request for assistance within the next several days.

Even though the provisional freeze remains in place until the assistance requested has been provided, the United States will need additional time to evaluate that assistance before deciding what further action is appropriate. If, as a result of the assistance provided, the United States is able to claim any funds provisionally frozen in Swiss bank accounts as assets belonging to the United States, then the United States will seek the return of the funds pursuant to article 1, paragraph 1(b), of the treaty. Accordingly, you are requested to maintain a freeze of those funds relevant to the request for assistance until such time as the United States can determine whether a claim under article 1, paragraph 1(b), of the treaty is appropriate and, if so, has perfected that claim.

TW

With respect to the additional accounts to be frozen, the United States requests that any Swiss accounts into which proceeds from the arms sales or the third country deposit are traceable be frozen, at least to the extent that funds in the account do not exceed the proceeds traceable to these arms sales or the third country deposit. Such accounts may be held by or on behalf of the following parties:

1) Manucher Ghorbanifar: Iranian arms dealer

Ghorbanifar participated in the arms sales, purportedly as a broker, fund raiser and negotiator. He allegedly raised money from American, Arab and Canadian investors as front money for the arms deal. He may have used Credit Suisse account number 283838-92-1. He also may have used the name "Abdollah Khak", Credit Suisse account number 370-113-12-1.

2) Adnan Khashoggi: Saudi Arabian businessman

Khashoggi purportedly advanced money to help finance the arms sales and solicited the participation of certain Canadian investors for the arms deal.

3) Roy M. Furmark: New York businessman

An associate of Khashoggi, Furmark identified himself as a middleman between Iranians and money sources.

4) Donald Fraser: Canadian businessman

Fraser, the president of Triad America, a Salt Lake City, Utah, unit of Triad Group, a Cayman Islands holding company controlled by Khashoggi, invested funds in the arms deal.

5) Earnest Miller: Canadian businessman

Miller, a member of the board of directors of Triad America, also invested funds in the arms deal.

6) Hyde Park Square Corp: (no further information available as to identity)

Hyde Park Square Corp. is a conduit corporation through which purchase money for the arms sold to Iran was transmitted to the United States.

7) Auditing and Fiduciary Services (Audifi S.A.): a Fribourg, Switzerland, company

Audifi, through Suzanne Hefti and Sebastian Criscione, allegedly arranged for some aspect of the arms sales payments. Panamerican records apparently list both Hefti and Criscione (and Marie-Noelle Eggertswyler) as administrative board members of Lake Resources, which used an account at Credit Suisse to impliment the arms deal.

8) Jean de Senarclens: (no further information available as to identity)

Senarclens, doing business as Companie de Services Fiduciaries, runs Stanford Technology Trading Group International, Fribourg, Switzerland, the Swiss affiliate of the United States employer of Albert Hakim and Richard Secord.

9) Willard Zucker: an American attorney

Zucker, a resident of Geneva, is an associate of Senarclens.

With regard to the third country deposit, the country involved is Brunei. However, with respect to the arms deal, accounts held by or for the governments of Iran, Israel, or Saudi Arabia may be involved. Moreover, all the persons and entities mentioned above should be considered as persons involved for purposes of article 10, paragraph 2, of the treaty.

Please contact this office if you desire additional information. This office will provide a translation of this letter as soon as possible. Your assistance and cooperation in this matter are greatly appreciated.

Sincerely,

Philip T. White, Director
Office of International
Affairs
Criminal Division

by: Richard C. Owens
Senior Trial Attorney

U.S. Department of Justice

87-0145
~~86-4232~~
86 4174

WFW:MMR:PTW:aem

Washington, D.C. 20530

DEC 18 1986

Honorable David Durenberger
Chairman, Select Committee
on Intelligence
United States Senate
Washington, D.C. 20510

Dear Mr. Chairman:

By letter dated December 17, 1986, I furnished you with copies of our request under the Treaty between the United States and the Swiss Confederation on Mutual Assistance In Criminal Matters in the investigation of Lt. Colonel Oliver L. North and others dated December 12, 1986, and our supplemental request dated December 15, 1986. Please find enclosed the correct last page of the request dated December 12, 1986.

Sincerely,

Philip T. White

Philip T. White
Director
Office of International Affairs
Criminal Division

United States Government, to testify at a proceeding pursuant to Article 23(2). If any witness chooses not to appear in the United States, a formal deposition of the witness in Switzerland at some future date is requested pursuant to Articles 10 and 12.

William F. Weld

William F. Weld
Assistant Attorney General
Criminal Division
United States Department of Justice

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William F. Weld

William F. Weld
Assistant Attorney General
Criminal Division
United States Department of Justice

EXHIBIT EM-60

possibly two meetings subsequently--to look at the finding itself, which I did. That was in the Office of the Assistant for National Security Affairs, Admiral Poindexter.

That was the only occasions on which my advice was sought as to the Iranian initiative itself. I was not at any time asked about any aspect of the diversion of funds to the contras.

Then subsequent to the public knowledge of this initiative, the President did ask me to look into and find facts as to what had occurred so that there could be a comprehensive presentation of Administration information to the Congress in testimony. That, however, was not, strictly speaking, legal advice, and it was after the fact.

The CHAIRMAN. Mr. Attorney General, I am not going to pursue more specifics there. I am going to reserve that for when we sit with you again in the Select Committee. But there is one question that I must ask you now.

There is now substantial evidence in the public record that money belonging to the United States government was paid into a number of foreign bank accounts. There were at least two sources of these funds: money paid for United States government property--that is, arms and equipment--and money raised as donations by the National Security Council and others to fund the contras.

The Tower Committee report, for example, repeatedly cites

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references to ''our lake resources account'' and ''our accounts'' in the documents.

Have you, Mr. Attorney General, taken any steps to obtain an accounting of all funds that are the property of the United States government? Will you file a civil suit or otherwise seek to obtain a full accounting, and have you filed or will you file any civil lawsuits to obtain immediate possession or return of these funds for the United States? And if you have not done so, I would like to know why not.

Attorney General MEESE. Mr. Chairman, these matters and the investigation of these accounts are now presently within the province of the independent counsel, and it would be inappropriate for us to commence a separate investigation which could interfere with or conflict with the investigation of the independent counsel.

However, it is--

The CHAIRMAN. I would like to stop you right there, Mr. Attorney General. I am talking about civil suits.

Attorney General MEESE. Yes, I understand, but the investigation of what accounts are there and who they belong to and so on are things that are being investigated by the independent counsel; and we have taken the position that we will utilize the results of his investigation, in which elements of the Department are cooperating working directly with him, but which are not reporting to me but are reporting directly to the independent counsel.

We will utilize this information to proceed with any civil actions that are appropriate in a way and at a time so as not to interfere with the independent counsel.

The CHAIRMAN. Well, Mr. Attorney General, if you have information now separate and apart from any criminal implications and strictly separate and apart from that, just civil liabilities that we could pursue.

Attorney General MEESE. We do not have any such information, Mr. Chairman.

The CHAIRMAN. This is notwithstanding the fact that we have in the Tower Report references to ''our various accounts'' and that these are properties of the United States?

Attorney General MEESE. Well, these accounts are things that are now being investigated by the independent counsel. For us to launch a separate investigation into those accounts would not only be duplicative, but would conflict with the work of the independent counsel.

The CHAIRMAN. But, General, I do not mean to insist, but I have got to insist that we are talking about now civil matters that are not in any way going to interfere with the work of the independent counsel.

Attorney General MEESE. Well, if we have our investigators, civil investigators going through the same steps that the independent counsel is now taking to discover these bank accounts, then we will have the situation of two different branches of the government getting in each other's way, and also perhaps impeding the investigation of the independent counsel; whereas, we will be able to get that same information and utilize it in cooperation with the independent counsel.

The CHAIRMAN. Well, let me say, Mr. Attorney General, that I am disappointed at that attitude, because if there is one thing that I think we need to follow it is the trail of funds. And I believe that a civil lawsuit or civil action contemplated in this case will be mighty helpful in view of the fact that the President last night took a first step in what I believe to be is actually an attempt to try to set this record straight; and yet there are so many unanswered questions. I think we have got to do everything we possibly can without trying to suggest that we are running afoul of what the independent counsel may be doing.

I know full well that you cannot get into that area, but I know full well, too, that there are areas that are areas of your responsibility that it seems to me become something that you cannot ignore.

Attorney General MEESE. Well, nobody is ignoring any responsibilities, Mr. Chairman. The only thing we are doing is making sure that we are not going to interfere or get in the way of the independent counsel. And if there is anything that is appropriate to be done that is not investigated by the independent counsel and that would provide additional evidence for civil actions which are not revealed by his inquiry, we certainly will be doing that.

The CHAIRMAN. Well, let us remember, this is taxpayers' money--

Attorney General MEESE. No, actually, it is not. It is the money that would accrue to the United States. All the taxpayers' money has already been returned to the taxpayers, but the money that we are talking about is money that would have come from Iran that becomes constructively the property of the United States.

The CHAIRMAN. Well, it becomes property of the United States, and the taxpayer pays less if there is more in the account. So it would seem to me that, while you may want to differentiate, but nonetheless we--

Attorney General MEESE. Well, Mr. Chairman--

The CHAIRMAN. I think the taxpayer has an interest in it.

Attorney General MEESE. Nobody is more diligent and concerned for the taxpayers' dollar than I am, Mr. Chairman. And as I say, we will do everything that we can legally without interfering with the independent counsel.

The CHAIRMAN. Thank you very much, Mr. Attorney General.

EXHIBIT EM-61

RPTS BOYUM

DCMN DANIELS

[10:30 a.m.]

Mr. NIELDS. My question is why, if it was up to Mr. Secord to decide what to do with the $10 million, did you seek the President's approval to use it for the contras?

Mr. NORTH. What I sought was--as I just tried to articulate--I sought the overall approval for the overall plan, a part of--in fact, a relatively small part of the overall plan for dealing with the Iranians was the use of the residuals from those transactions to help the Nicaraguan freedom fighters.

It was, if you just look at the number of words dedicated to that aspect of it in the one memo that still exists, it is a very brief mention. Not because it is trying to be buried, but because it was a relatively small part of it.

It has been made an enormous political event, but I am telling you it was a relatively small part of the overall objective.

The overall objectives were what I just articulated. We were striving, as the finding clearly indicates--and I wrote those words in the finding, those words have come from the earliest discussions I had with Mr. Ledeen and Mr. McFarlane in the summer of 1985 as to what we hoped to achieve as a consequence of these deliveries or transactions with the

EXHIBIT
EM-61

Iranians.

That is what we were about.

Mr. NIELDS. I don't want to belabor the point, but let me see if I can ask the question simply once and see if you can answer this one way or the other.

Whose decision was it whether the moneys would be used for the contras or not? Somebody in the U.S. Government, or General Secord?

Mr. NORTH. The decision was made that residuals from those transactions would be applied to support the Nicaragua resistance with the authority that I got from my superiors, Admiral Poindexter, with the concurrence of William J. Casey and I thought at the time the President of the United States.

I later learned that the President was unaware of that aspect of these transactions.

Mr. NIELDS. And if the United States Government had decided that the $10 million less expenses should all be paid into the United States Treasury, then that is what would have happened, isn't it?

Mr. SULLIVAN. He has answered the question, Mr. Nields.

Mr. NORTH. Please, Counsel, let--

Mr. SULLIVAN. One at a time.

Mr. NORTH. You know, the United States Government charged X thousands of dollars for a commodity. If I were to buy a piece of land from the United States Park Service for $10,000 and then a year later or a week later go out and sell it for $20,000, would the Government of the United States lay claim to my $10,000 profit?

Mr. NIELDS. Are you--

Mr. NORTH. I know I am not supposed to ask the questions.

Mr. NIELDS. That did not answer my question. Counsel said you already answered it.

Mr. SULLIVAN. That is right.

Mr. NIELDS. I would like an answer.

Chairman INOUYE. I hate to remind counsel, but he is well aware of the rules. Please address the Chair.

Mr. SULLIVAN. Yes, Mr. Chairman.

DCMN MILTON

Chairman INOUYE. Let's not stall the proceedings.

Mr. SULLIVAN. Mr. Chairman, if taking four minutes to explain my position can expedite the proceedings and remind the Chair of its intended--its intention to us to complete these hearings in four days, then I think it is four minutes well worth spent.

Chairman INOUYE. Please proceed.

Mr. NORTH. Whose turn?

Mr. NIELDS. The question was, if those higher-ups in the United States Government from whom you sought approval decided that the $10 million should not, any part of it, be sent to the contras but should all come back to the United States Treasury, that is what would have happened, isn't it?

Mr. NORTH. Yes.

Mr. NIELDS. So it was our money that was going to the contras, wasn't it?

Mr. NORTH. I disagree with your conclusion, Counsel.

Chairman INOUYE. Is this a good time for a recess?

Mr. NORTH. I am sorry, Mr. Chairman.

Chairman INOUYE. Please proceed.

Mr. NORTH. I disagree with your conclusion. If my boss told me, ''Ollie, every penny that comes from this thing goes right back into the Treasury of the United States of

EXHIBIT EM-63

Draft Memo:
RDM to WW
Subject: Independent counsel request

The purpose of this memo is to advise you of my concern that, given the revelations made by the Attorney General on Tuesday, extensive investigation will be required to determine whether, as alleged by eleven members of the House Judiciary Committee, lower level government officials or higher level officials covered by the independent counsel provisions may have committed criminal acts in arranging for aid to the contras. I also believe that any investigation into this information will concern the same matters now under investigation by the Attorney General.

The request for independent counsel

This request for independent counsel, made on Oct. 17, 1986, called for an investigation of information that certain officials, including Col. Oliver North, Adm. John Poindexter, CIA Director Casey, Vice President Bush, Secretary Weinberger, and others in the Executive Office of the President and on the National Security Council staff, may have committed criminal acts by arranging for the provision of illegal military assistance to the contras. Specifically, the congressmen alleged that the officials in question may have violated the Boland amendment, the Neutrality Acts, and laws prohibiting the unlicensed shipment of arms and munitions.

Our preliminary inquiry

Until Tuesday of this week, our role was to determine whether the information available to the Attorney General, either from the press, the Congress, or from existing criminal investigations, indicated that there were grounds to investigate criminal activity by any covered officials. Of course, a corollary was to determine whether information of criminal activity by non-covered officials was being properly investigated and, when appropriate, prosecuted. In carrying out this inquiry, we operated on certain basic assumptions. These included the following:

> --that evidence of wrongdoing by low level government or contra personnel did not indicate high level misconduct, so long as the evidence showed that misconduct was being properly investigated by the appropriate authorities and that no pervasive pattern of improprieties existed that necessarily implied policies directed at a higher level.
>
> --that contact by US government officials with pro-contra personnel allegedly involved in

EXHIBIT
EM-63

"privately funded" aid to the contras did not of itself indicate any impropriety, since both diplomatic and intelligence gathering contacts were not prohibited. Thus, absent any evidence to the contrary, there was no reason to believe that such contacts indicated US government involvement in providing illegal assistance to the contras.

--that statements by high level officials that any military aid to the contras was "privately funded" were true, or at least that we had no received no specific, credible evidence to the contrary.

--that any government involvement in possible Neutrality Act violations by mercenary groups in the US would not constitute crimes by government personnel, since those Acts do not, in the Department's view, apply to official acts of the Executive Branch authorized by the President.

--that, similarly, arms exports authorized by the President probably would not violate the export control laws. Thus, any knowledge of or authorized involvement by government officials at any level with private exports to the contras probably would not constitute criminal acts (we had not completely analyzed this last assumption).

I think that the information made public by the Attorney General on Tuesday has totally discredited all the assumptions listed above and that, therefore, extensive investigation will be necessary to determine whether government officials, both covered and uncovered, may have committed crimes in connection with aid to the contras. That investigation will necessarily involve the same documents and witnesses already involved in the investigation being conducted by the Attorney General and probably cannot be successfully accomplished without extensive examination of documents and personnel of the CIA, the NSC and the contras ,including the Vice-President, Director Casey, Secretary Weinberger, Col. North, Adm. Poindexter and others, and extensive grand jury work to gather financial records and to resovlve differences in testimony. I set forth below some of the reasons that lead me to this conclusion.

The Boland Amendment

Among other thing, the Boland amendment prohibited the expenditure of any funds:

> "available to the Central Intelligence Agency, the Department of Defense, or any other agency or entity of the United States involved in intelligence activity"... "for the purpose or which would have the effect of supporting, directly or indirectly, military or paramilitary operations in Nicaragua by any nation, group, organization, movement, or individual."

It seems to me clear from the information made public by the Attorney General that funds available to the Department of Defense were used to store, transport, load, and ship to Iran the arms eventually turned into aid to the contras. CBS News reported Wednesday evening that the CIA was also involved in the loading and shipping of the weapons, thus indicating that CIA funds were also spent. Also on Wednesday, both the New York Times and CBS reported that the funds generated by sale of the weapons to Iran were used to fund the airdrops of weapons from Ilopango Air Base in El Salvador into Nicaragua. (That operation was reportedly run by Max Gomez, aka Felix Rodriguez, who has met with the Vice-President at least twice. It was in the course of one of those operations that the C-123 was shot down and Eugene Hasenfus captured). If the above information is true, it appears to me fairly clear that anyone who designed the Iran operation to deliver weapons in Nicaragua, concealed that information from the President, and then ordered the deal to go forward, could reasonably be said to be in violation of the Boland amendment.

It is true that the Boland amendment contains no penalties, either civil or criminal, and that therefore a conspiracy to violate the amendment arguably might not constitute a conspiracy to commit an "offense against the United States" under 18 U.S.C.§371. However, §371 also prohibits conspiracies "to defraud the United States" and there is case law that the provision applies to any conspiracy having as its purpose "impairing, obstructing or defeating the lawful function of any department of the United States", including "any conspiracy to defeat application of (government) funds to their statutory purpose" or "to divert resources from their intended purpose." Given the facts revealed by the Attorney General, it appears to me that there is reasonable cause to investigate whether Col. North and others were involved in a criminal conspiracy to defraud the United States.

Information indicating that there may have been other diversions of funds

Of course, any eventual decision whether the Iran cnnection involved a criminal conspiracy ~~existed~~ will depend on the details revealed by further investigation, including review of all documentation generated in connection with the arms sale and all evidence bearing on intent. However, the preliminary inquiry in which I have been involved has revealed information and unproven allegations that, in light of the recent revelations, give rise to reasonable suspicions that North and other officials may have knowingly diverted funds other than the arms sale profits and the funds used to ship the arms. I think that this information rises to the level of information that must be thoroughly investigated in order to intelligently determine whether any criminal acts were committed by low or high level officials. Among the facts and allegations I am referring to are the following:

> -- The New York Times has reported that the amounts raised by the Iranian sale were not enough to pay for all the weapons shipments to the contras.

--High level government officials, including Assistant Secretary of State Elliot Abrams, have repeatedly stated that any weapons shipments to the contras were privately funded and that there was clearly no government involvement in such shipments. There have been news reports that Director Casey and Assistant Secretary Abrams may have so testified to the Congress. These statements have been shown to be patently false.

--No one has yet determined who did fund all the arms shipments to the contras. A thorough FBI and grand jury investigation could probably resolve where the money came from and who knew about it.

--The C-123 in which Hasenfus crashed apparently recently belonged to Southern Airways, formerly a CIA proprietary company, and the flight was manned by ex-CIA personnel. The crew carried documents connecting them to members of the NSC staff. The same airline reportedly delivered arms, as well an National Security Adviser MacFarlane, to Teheran.

--A GAO investigation alleged, and the Fraud Section's investigation confirmed, that large amounts of money paid by the NHAO, set up to administer the twenty seven million dollars appropriated to fund humanitarian aid to the contras, cannot be accounted for. Some of the funds that have been traced ended up in secret accounts in the Caymans or were apparently used to bribe members of the Honduran military. Although there are receipts showing that the contras actually received the humanitarian aid allegedly purchased, it has so far not been determined if many of these receipts are genuine (many are signed with false names), and some have been conclusively demonstrated to be fraudulent. Very few interviews have been done and no grand jury investigation has been conducted into these irregularities.

--The fraud section has conclusively established that some of the money appropriated for humanitarian aid was used to buy weapons, an act clearly prohibited by the Boland Amendment. This act involved the submission of false documentation to the US government and was committed by "unilateral assets" of the CIA.

--One contra witness informed the fraud section that the head of the NHAO (who reported directly to Assistant Secretary Abrams) instructed him to certify that humanitarian aid had been received after the witness informed the Ambassador that he had no such information.

--The press has reported that records of the Salvadorean telephone company show conclusively that calls were made from safe houses used in the airdrops of weapon to the contras to a contractor associated with the NHAO, to Col. North's office in the White House, and to retired Gen. Richard Secord.(Gen. Secord, who reportedly accompanied MacFarlane to Teheran aboard a Southern Air flight, is reported by the Customs Service to be under criminal investigation, soon to reach the grand jury stage, for violations of the Neutrality Acts concerning the organization of mercenaries to fight for the contras).

--According to the press, witnesses have stated that there were large quantities of munitions aboard the NHAO's supposedly humanitarian airdrops into Nicaragua.

-- An AUSA in San Diego has reportedly alleged that a high level Customs Service interfered with of a Neutrality Act investigation involving the contras.

-- An AUSA in Miami, who went to Costa Rica to investigate Neutrality Act violations, reported that US Embassy officials advised a key witness not to speak to him and that the CIA station chief, who told the AUSA that he had been introduced to the President by Col. North, tried to steer the AUSA away from certain lines of inquiry.

Conclusion

Before Tuesday's revelations, it was not reasonable to believe, solely on the basis of these isolated bits of information and allegations, that there was any organized government plot to supply prohibited military aid to the contras. Given the existence of information apparently indicating the existence of an NSC staff operation, conducted without the President's knowledge or consent, to violate the Boland Amendment, it would clearly be inappropriate not to thoroughly explore all evidence that other federal funds were diverted for illegal purposes, especially since many of the people allegedly involved have been linked to the NSC and the CIA. Any other course of action surely would be seen as a failure to follow important and obvious leads in a criminal investigation involving important officials close to the President.

In this case, further investigation might, I believe, have to include review of all relevant NSC, CIA, White House, and DOD documents as well as interview with all low level personnel involved,and of high level officials such as North, Poindexter, Casey, Weinberger, Bush, Gregg, Cannizaro, and possibly the President. A truly thorough investigation could require access to NSA overhears as well. In addition, a thorough review, using grand jury subpoenas, would be necessary to audit the use made of the twenty-seven million in "humanitarian" aid, to establish exactly where all financing used to fund contra military operations was obtained, and to determine where the Iran money went. As you can see, such an investigation would be massive and would almost totally overlap the Attorney General's investigation of the information announced Tuesday. Indeed, it may already be a part of that investigation, but I have no way if determining that. Therefore, I am bringing the matter to your attention.

EXHIBIT EM-67

eign government that engages in intelligence activities within the United States harmful to the national security of the United States and the respective numbers, status, privileges and immunities, travel, accommodations, and facilities within such country of official representatives of the United States to such country, and any action which may have been taken with respect thereto.

(c) Section 203 of the State Department Basic Authorities Act of 1956 (22 U.S.C. 4303) is amended—

(1) in subsection (a) by striking out the fifth sentence; and

(2) by amending subsection (b) to read as follows:

"(b) There shall also be a Deputy Director of the Office of Foreign Missions. Either the Director or the Deputy Director of such Office shall be an individual who has served in the United States Foreign Service, while the other of the two shall be an individual who has served in the United States Intelligence Community."

(d) The amendments made by subsection (c) shall apply only with respect to any appointment of a Director or Deputy Director of the Office of Foreign Missions, as the case may be, after the date of enactment of this section.

TITLE VII—GENERAL PROVISIONS

AUTHORITY FOR THE CONDUCT OF INTELLIGENCE ACTIVITIES

SEC. 701. The authorization of appropriations by this Act shall not be deemed to constitute authority for the conduct of any intelligence activity which is not otherwise authorized by the Constitution or laws of the United States.

INCREASES IN EMPLOYEE BENEFITS AUTHORIZED BY LAW

SEC. 702. Appropriations authorized by this Act for salary, pay, retirement, and other benefits for Federal employees may be increased by such additional or supplemental amounts as may be necessary for increases in such benefits authorized by law.

TITLE VIII—ACTIVITIES IN NICARAGUA

MILITARY OR PARAMILITARY ACTIVITIES

SEC. 801. No funds authorized to be appropriated by this Act or by the Intelligence Authorization Act for fiscal year 1984 (Public Law 98-215) may be obligated or expended for the purpose or which would have the effect of supporting, directly or indirectly, military or paramilitary operations in Nicaragua by any nation, group, organization, movement, or individual, except to the extent provided and under the terms and conditions specified by House Joint Resolution 648, [illegible] for the [illegible] purposes, as enacted.

Mr. BOLAND (during the reading). Mr. Speaker, I ask unanimous consent that the Senate amendment be considered as read and printed in the RECORD.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Massachusetts?

Mr. ROBINSON. Mr. Speaker, I reserve the right to object.

(Mr. ROBINSON asked and was given permission to revise and extend remarks, and include extraneous material.)

Mr. ROBINSON. Mr. Speaker, I reserve the right to object, to give the gentleman from Massachusetts an opportunity to explain the Senate amendments.

Mr. BOLAND. Will the gentleman yield?

Mr. ROBINSON. I yield to the gentleman.

Mr. BOLAND. Mr. Speaker, the Senate amendments to H.R. 5399 reflect an agreement reached between the Permanent Select Committee on Intelligence and the Senate Select Committee on Intelligence on all budgetary and legislative matters contained in H.R. 5399, the House version of the intelligence authorization bill for fiscal year 1985 and S. 2713, the Senate version of that bill.

Further, the Senate amendments are fully consistent with those amounts authorized by the fiscal year 1985 Defense Authorization Conference Report for all those tactical intelligence and related activities programs, jointly authorized, by the Intelligence and Armed Services Committees.

Because of the Senate's failure to move earlier on the House-passed bill, the committees were forced to agree in advance, but without formal conference, on all those matters at issue.

Such an agreement has been reached.

As everyone here understands, the reason that it has been held up until this moment is because of the House bill's prohibition on U.S. assistance to the insurgents in Nicaragua.

The Senate amendment solves this issue by incorporating by reference the compromise agreement reached in the continuing resolution on Nicaragua.

It also reflects agreement on provisions authorizing the CIA to designate special police for the protection of their facilities over which the U.S. Government has acquired proprietarial, concurrent, or exclusive jurisdiction.

It contains language expressing the sense of Congress that the numbers, status, and privileges of diplomats of foreign countries who engage in intelligence activities in this country harmful to our interest should not exceed the comparable number, status, and privileges of U.S. diplomats in those countries.

Finally, it provides important new personnel authorities to the Defense Intelligence Agency to enable that Agency to configure its personnel system in ways similar to the personnel systems at the CIA and NSA.

Mr. Speaker, at this point, I ask unanimous consent that a detailed description of the provisions of the Senate amendment be made a part of the RECORD.

This statement should serve in lieu of a statement of managers language that would have accompanied a conference report, had a conference occurred between the two bodies.

Let me finish with a more detailed description of the Nicaragua compromise [illegible] incorporated by reference into the bill.

Mr. Speaker, the compromise which we have worked out on Nicaragua preserves the House position with one proviso.

[illegible] the secret [illegible] Nicaragua until February 28, [illegible]

Thereafter if the President certifies that Nicaragua is supporting anti-Government forces in any other country in Central America, and if he requests more funds for the war, a vote is guaranteed on a joint resolution providing such funds.

This is an MX-type guaranteed vote—an expedited process that ensures a vote on the President's request.

The joint resolution, if approved by both Houses, would remove the prohibition on the use of already appropriated funds for the war.

In any event, no more than $14 million could be spent during the balance of the fiscal year.

This approach goes as far as I believe the strong House position would permit.

Only if Congress affirmatively provides for a renewal of funding for the war could any funds be used for that purpose.

Let me make very clear that this prohibition applies to all funds available in fiscal year 1985 regardless of any accounting procedure at any agency.

It clearly prohibits any expenditure, including those from accounts for salaries [illegible] all support costs.

[illegible] written that [illegible] prohibits transfers of [illegible]

The compromise allows the President and the Congress to see how several key matters develop in the next 5 months.

Those are: Proposed talks between the Government of El Salvador and the Salvadorean rebels, the continued bilateral talks between the United States and Nicaragua, the resolution of the Contadora Draft Treaty, and the Nicaraguan elections.

The President—whoever he may be—will no doubt take into account events affecting these four matters if he makes a request for funds.

If he does make a request, it will be a new Congress, a new Intelligence Committee and those new facts which will influence the action of the House and Senate.

To repeat, the compromise provision clearly ends U.S. support for war in Nicaragua.

Such support can only be renewed if the President can convince the Congress that this very strict prohibition should be overturned.

Mr. ROBINSON. Continuing my reservation, Mr. Speaker, I support the motion to concur in the Senate amendments to H.R. 5399, the Intelligence Authorization Act for fiscal year 1985.

The bill authorizes appropriations for fiscal year 1985 for the conduct of intelligence and intelligence-related activities by the departments and

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count, the conferees have provided $344.5 million as contained in the Senate bill. This amount will permit two more C-130 PILOC's to be performed, and will also permit a total of $73 million to be used for the 378-foot cutter renovation and modernization program. I would mention that the conferees also agreed to accept a Senate amendment providing $3 million for a lighthouse at Nantucket Island.

For the FAA, the conference agreement provide $1.37 billion for the facilities and equipment account. This amount will permit the vital airspace modernization program to move forward.

For grants in aid for airports, we have provided $925 million, instead of the $800 million in the House bill and $987 million in the Senate bill. This is $125 million more than was provided last year, and will help reduce the more than $2 billion of approved, unfunded airport improvement projects.

For railroad-highway crossings demonstration projects, we were obliged to agree with the Senate figure of $15 million, which was also the number in the House-passed continuing resolution. We had originally, in H.R. 5921, proposed some $45 million for this program, and in the reduction some worthwhile projects unfortunately had to be squeezed. If we can get our regular bill out next year, perhaps we will be able to do better.

Among the projects funded under this program are ones at Lafayette, IN, $7 million and Lincoln, NE, $1.8 million.

I know that my friends from Colorado have been concerned about the interstate transfer grants for highways, which funds the critical C-470 project in Denver. We have provided for a total program level of $33.3 million for that project.

Under the Federal Railroad Administration, we accepted the Senate figure of $1.9 million for rail safety grants, and appropriated $15.5 million for railroad research and development. Of that amount, the Department is expected to follow the House earmarking of funds for continuation of a rail maintenance study by MIT, under the direction of a company with experience in that field.

For the Northeast Corridor Improvement Program [NECIP], we have provided $27.8 million. This will provide first-year funding for the four highest priority items on the so-called 310 list.

The conferees have provided $684 million for Amtrak, of which up to $4 million is for Amtrak's Northeast corridor bridge over the Bush River in Maryland. This is a case where the Coast Guard has imposed bridge opening requirements on Amtrak, which are increasingly expensive and injurious to Amtrak's schedule. These funds will permit the automation of the bridge mechanism. The conferees have made clear that the current bridge opening schedule is not to be expanded after completion of the bridge improvements.

I know that a number of my colleagues have been concerned about Amtrak's West Side connection project in New York. The conferees agreed to the Senate "non-Amtrak" share language, permitting non-Amtrak Federal funds to be counted against the local share up to a maximum total project cost of $50 million, exclusive of right of way acquisition. If the total project cost exceeds $50 million, a more rigorous definition of local funds should be used for the remainder.

New loan guarantee commitments under the section 511 railroad loan guarantee program were limited to $2.5 million.

For mass transit, we have provided $2.45 billion in formula grants, which is $60 million above the budget request. In addition, we have provided for the authorized level of $875 million of these funds to be used for operating assistance.

For new starts, we have provided $432.5 million. This includes $96 million for Atlanta, $117.2 million for Los Angeles, $35 million for Houston, and $2.7 million for light rail.

As indicated in the statement of managers, the conferees are aware that the total cost of completing all of these projects greatly exceeds the funds that are likely to be available. Clearly some way will have to be found to bring the demand for such systems into line with available resources.

The Urban Mass Transportation Administration has published for comment certain criteria to be used in evaluating these proposed new start and extension projects. I believe that this is a worthwhile effort, and one that should be encouraged. It is my hope that over the next several months the Department will consult closely with interested Members of Congress and the appropriate congressional committees, as well as with members of the transit community, in arriving at a final set of consensus criteria. These criteria should be of great value to the Congress as it makes the difficult funding decisions on these projects in the years to come.

For interstate transfer transit grants, the conferees have provided slightly over $13.1 million for Boston, $130.7 million for Chicago, and almost $22 million for Hartford.

For the Interstate Commerce Commission, we have provided the Senate figure of $48 million, which includes funds for the Office of Special Counsel. It may be that we have cut this amount too close to the bone, and I am sure that we would be willing to consider a supplemental if the Commission finds that one is necessary.

Finally, Mr. Speaker, we have included language that prohibits the Department from planning or implementing any change in the current Federal status of the Transportation Systems Center in Cambridge, MA. I hope [redacted], once and for all, any attempt to shut down this outstanding facility and research resource.

Mr. Speaker, for the Treasury-Postal chapter of the continuing resolution, the conference agreement included the provisions of the conference report for H.R. 5798, the Treasury-Postal Service appropriations bill for fiscal year 1985, as amended in House Joint Resolution 648, with two exceptions. First, the conferees agreed to accept a Senate amendment, originally stricken on a point of order, to exempt custom gunmakers from excise tax regulations if they produce less than 50 firearms per year. Second, this agreement includes an amendment to waive the duty requirements for articles necessary for the installation and operation of a telescope in Arizona. During the installation, parts must be sent back and forth to Europe for adjustment and repairs.

The conferees also agreed to accept all amendments adopted by the Senate during the consideration of the continuing resolution. These amendments include a sense of the Senate resolution concerning the conduct of voter registration drives, clarifying language on the customs amendment concerning duty free shops, an additional $2.611 million for the renovation of Blair House, an additional $350,000 for the construction of a road to service the San Luis, AZ, boarder station, technical changes to a provision included in last year's continuing resolution relating to moving expenses for the Senior Executive Service and finally a provision directing certain changes in the SMSA of St. Louis, MO.

This is a fair compromise with acceptable funding levels. I hope that all Members will report these provisions.

Mr. WHITTEN. Mr. Speaker, I yield 5 minutes to the gentleman from Massachusetts [Mr. BOLAND], the ranking member of the committee.

[redacted] BOLAND asked and was given to revise and extend his re- [redacted]

Mr. BOLAND. Mr. Speaker, the compromise which we have worked out on Nicaragua preserves the House position with one proviso. No funds [redacted] 1985, [redacted] if the President certifies that Nicaragua is supporting anti-government forces in any other country in Central America, and if he requests more funds for the war, a vote is guar- [redacted]. This is an MX-type guaranteed vote—an expedited process that ensures a vote on the President's request.

The joint resolution, if approved by both Houses, would remove the prohibition on the use of already appropriated funds for the war. In any event, no more than $14 million could be

Tr. compromise],

ment during the balance of the fiscal year.

This approach goes as far as I believe the strong House position would permit. Only if Congress affirmatively provides for a renewal of funding for the war could any funds be used for that purpose.

Let me make very clear that this prohibition applies to all funds available in fiscal year 1985 regardless of any accounting procedure at any agency. It clearly prohibits any ex-

③ [redacted]. The prohibition is so strictly written that it also prohibits transfers of equipment acquired at no cost.

④ The [redacted] allows the President [redacted] to see how several key matters develop [redacted] These are: Propo[redacted]tween the Government of El Salvador and the Salvadoran rebels, the continued bilateral talks between the United States and Nicaragua, the resolution of the Contadora Draft Treaty, and the Nicaraguan elections. The President—whoever he may be—will no doubt take into account events affecting these four matters if he makes a request for funds. If he does make a request, it will be a new Congress, a new Intelligence Committee and those new facts which will influence the action of the House and Senate.

① To [redacted] Such support can only be renewed if the President can convince the Congress that this very strict prohibition should be overturned.

Mr. LIVINGSTON. Mr. Speaker, will the gentleman yield for a couple of questions?

Mr. BOLAND. I am delighted to yield to the gentleman from Louisiana.

Mr. LIVINGSTON. Mr. Speaker, would the gentleman enlighten me: Does this prohibition prevent any expenditure of funds, direct or indirect, for arms or weapons or use of force in Nicaragua by the United States?

Mr. BOLAND. If it is directed against the Government of Nicaragua, the answer would be in the affirmative, yes.

② Mr. LIVINGSTON [redacted] no exceptions to this [redacted]

Mr. BOLAND [redacted] no exceptions to the prohi[redacted]

Mr. LIVINGSTON. So in the unlikely event that tanks were to roll from Nicaragua into Honduras, the United States would be prohibited from taking any action; is that correct?

Mr. BOLAND. Insofar as activities inside Nicaragua are concerned. That is correct. We could, of course, help inside Honduras.

Mr. LIVINGSTON. I thank the gentleman for enlightening me.

Mr. CONTE. Mr. Speaker, I yield such time as he may consume to my good friend, the gentleman from Wisconsin [Mr. PETRI].

(Mr. PETRI asked and was given permission to revise and extend his remarks.)

Mr. PETRI. Mr. Speaker, I rise to draw attention to one portion of the continuing resolution, a Senate amendment on Juvenile Justice, Runaway Youth, and Missing Children. This provision, which passed the House on October 2 as title XXII of H.R. 5690, was the result of hours of negotiations between House and Senate staff representing dozens of Members interested in this legislation from both parties. As a coauthor of H.R. 4971—the original House-passed version of this provision—I was actively involved in those negotiations and support this compromise provision. My earlier floor statements on H.R. 5690 and H.R. 4971 apply equally to the present provision.

Perhaps the most popular section of this legislation is a new initiative to locate abducted children and return them to their families. This is not intended to be a starry-eyed project to track down runaways or cure every problem of childhood. There's not enough money in the Federal Treasury to do that. There will always be kids like Huck Finn in our society, and the Federal Government could not stop them even if it wanted to. But there is a proper role for the Justice Department to combat the kidnapping of children, especially when the abducted children face the risk of sexual abuse or exploitation, torture and even murder.

This may seem like a remote problem to some people, but it is not. Testimony before my subcommittee showed that it is, instead, a random problem that can strike anywhere. One day it's newspaper carriers in Des Moines. Another day it's black children in Atlanta. Yet another day it's young Adam Walsh in Florida. When such abductions occur, they can destroy a family and tear apart a community. We can and should do what we can to combat this problem. The Missing Children's provision in the continuing resolution does this by establishing a national resource center and clearinghouse to provide technical assistance and otherwise coordinate public and private efforts to locate missing children. We must do at least this for our missing children and their families.

The bill also reauthorizes the Juvenile Justice and Delinquency Prevention Act. As you well know, that act has played a vital role in separating youthful offenders from adults in jails. It has also funded research and demonstration projects for treating juvenile delinquency and controlling juvenile delinquents. This legislation continues these efforts while making a variety of administrative and substantive changes. One of these is especially important for the family.

Throughout the bill, new emphasis is focused on addressing the problem of juvenile delinquency in the context of the family by directing program grants and training in this direction. When dealing with delinquent youth, the family can often be the source of either the problem or the solution. In many cases, grandparents can be especially valuable resources in correcting a troubled young person. By supporting local projects designed to tap these resources, this legislation should help rebuild broken families.

Further, let me note that this provision includes the continuation and implementation of the coordinated, National Law-Related Education Program developed and evaluated by the National Institute for Juvenile Justice and Delinquency Prevention. The program has demonstrated that law-related education can help reduce delinquency when properly implemented.

The Law-Related Education Program has been developed largely by five national organizations—the Constitutional Rights Foundation, Law in a Free Society, the National Institute for Citizen Education in the Law, the American Bar Association, and the Phi Alpha Delta Law Fraternity. Support from the Office of Juvenile Justice has enabled these groups to obtain vast experience and expertise in the development and implementation of successful delinquency prevention programs used in a number of States, including my own.

In Wisconsin, the Department of Public Instruction has worked to help establish law-related education programs in over 30 individual school districts. These programs can be found in Appleton, Neenah, White Fish Bay, Janesville, and other locations. In addition, the Wisconsin Bar Foundation sponsors an effective law-related education program called "Project Inquiry."

Law-related education has become an important educational program nationwide. Our action today in including this program in the Juvenile Justice reauthorization guarantees that the momentum of this program will not be lost and that this coordinated national effort will be able to continue.

In a field where failure has been more common than success, law-related education has proven to be a rare exception, an example of a delinquency prevention strategy that works.

Mr. CONTE. Mr. Speaker, I yield 5 minutes to my good friend, the gentleman from Michigan, Mr. HAL SAWYER, who will give us his last speech in the House of Representatives here tonight.

(Mr. SAWYER asked and was given permission to revise and extend his remarks.)

Mr. SAWYER. Mr. Speaker, I want to say that attached to this continuing resolution, kind of as the tail on the dog, if you will, though I do not want to so characterize the continuing resolution, is the biggest crime package that as far as my staff can research has ever passed the Congress of the United States, approximately 60 bills.

EXHIBIT EM-69

U.S. Department of Justice
Office of Legal Counsel

December 17, 1986

Office of the
Assistant Attorney General

Washington, D.C. 20530

EXHIBIT
EM-69

MEMORANDUM FOR THE ATTORNEY GENERAL

Re: Legal Authority for Recent Covert Arms Transfers to Iran

This memorandum responds to your request for a summary of the legal authorities affecting the recently disclosed arms transfers to Iran. Because the exact details of the transfers have apparently not completely transpired, this memorandum will provide a general framework for analysis, with references only to the basic facts that have already emerged. Although this memorandum does not deal with questions arising from the handling of the monies that Iran paid for the arms in question, the operation in which weapons were sold to Iran appears in other respects to have been lawful.

I. General Authority for Arms Transfers to Iran

As you know, there are numerous statutes that regulate the export of weapons. The principal statutes directly affecting transfers by the government are the Foreign Assistance Act of 1961[1] and the Arms Export Control Act.[2] Although both statutes establish substantially comprehensive regulatory schemes in the areas of military assistance and military sales, they do not purport to constitute the sole and exclusive authority under which the executive branch may transfer weapons to foreign nations. Thus, the limitations that the Foreign Assistance Act and Arms Export Control Act impose on arms transfers apply only to transfers undertaken pursuant to those statutes. If the sales to Iran were accomplished under other authorities, as we believe they were, these restrictions would not apply.[3]

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[1] Codified, as amended, in relevant part at 22 U.S.C. 2311 et seq.

[2] Codified, as amended, in relevant part at 22 U.S.C. 2751 et seq.

Consistent with the President's constitutional responsibilities for conducting the foreign policy of the nation, Congress has recognized that the executive has considerable discretion to use government resources for a variety of activities not specifically authorized by statute.[4] Most conspicuously for present purposes, section 101 of the National Security Act of 1947[5] assigns certain functions to the National Security Council, but expressly acknowledges that that entity may "perform[] such other functions as the President may direct." Similarly, section 102 of the same Act[6] assigns certain functions to the Central Intelligence Agency, while authorizing that Agency "to perform such other functions and duties related to intelligence affecting the national security as the National Security Council may from time to time direct." We believe that these two provisions may be relied on to support a wide range of foreign covert activities not otherwise forbidden by law.

The authorities exercised by the NSC and the CIA include the discretion to transfer arms to foreign recipients in the course of intelligence or intelligence-related activities. Congress recently confirmed the existence of such authority in section 403 of the Intelligence Authorization Act for Fiscal Year 1986, Pub. L. No. 99-169, 99 Stat. 1002, 1006 (1985). That provision provides in relevant part:

> Sec. 403. (a)(1) During fiscal year 1986, the transfer of a defense article or defense service exceeding $1,000,000 in value by an intelligence agency to a recipient outside that agency shall be considered a significant

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[3] It should be noted that the Department of State and the Department of Justice have both taken the position, long before the operation at issue in this memorandum, that arms may be transferred to foreign countries outside the context of the Arms Export Control Act. See Memorandum of Law on Legal Authority for the Transfer of Arms Incidental to Intelligence Collection, by David R. Robinson, Legal Adviser, Department of State; Letter from William French Smith to William J. Casey (Oct. 5, 1981).

[4] For a detailed discussion of the President's constitutional powers and responsiblities, as they relate to the Iran operation, see our memorandum on section 501(b) of the National Security Act.

[5] Codified as amended at 50 U.S.C. 402.

[6] Codified as amended at 50 U.S.C. 403.

> anticipated intelligence activity for the purpose of section 501 of the National Security Act of 1947.
>
> (2) Paragraph (1) does not apply if--
>
> (A) the transfer is being made to a department, agency, or other entity of the United States (so long as there will not be a subsequent retransfer of the defense articles or defense services outside the United States Government in conjunction with an intelligence or intelligence-related activity); or
>
> (B) the transfer--
>
> (i) is being made pursuant to authorities contained in part II of the Foreign Assistance Act of 1961, the Arms Export Control Act, title 10 of the United States Code (including a law enacted pursuant to section 7307(b)(1) of that title), or the Federal Property and Administrative Services Act of 1949, and
>
> (ii) is not being made in conjunction with an intelligence or intelligence-related activity.
>
> (3) An intelligence agency may not transfer any defense article or defense services outside the agency in conjunction with any intelligence or intelligence-related activity for which funds were denied by the Congress.
>
> (b) As used in this section--
>
> (1) the term "intelligence agency" means any department, agency or other entity of the United States involved in intelligence or intelligence-related activities;

This provision, which was made a permanent part of the National Security Act (new section 503) by the Intelligence Authorization Act for Fiscal Year 1987, was primarily intended to limit the executive's discretion to transfer arms in the course of intelligence-related activities. Its present significance, however, lies in its unambiguous recognition that the executive possesses such discretion *apart from* the Foreign Assistance Act and the Arms Export Control Act.[7] Assuming that the arms transferred to Iran were sold to that country at a legally justified price,[8] the language of sections 101 and 102 of the National Security Act is broad enough to encompass the kind of discretion whose existence is manifestly implied in section 403 of the Intelligence Authorization Act.[9] It follows that the NSC and/or the CIA had authority to arrange for the sale of arms to Iran as part of an intelligence or intelligence-related operation, subject to such other restrictions as Congress may have imposed by law. The remainder of this memorandum discusses the applicability of such restrictions.

[7] Because subsection (a)(2) states that subsection (a)(1) does not apply to transfers made pursuant to authorities contained in the Foreign Assistance Act or the Arms Export Control Act, the clear implication is that the restriction in subsection (a)(1) applies to transfers made pursuant to some other authority.

The same implication can be drawn from other congressional actions that have imposed restrictions on covert arms transfers without suggesting that such transfers were subject to existing restrictions under the Foreign Assistance Act or the Arms Export Control Act. For example, a provision was enacted in 1974 precluding funding for military assistance to Laos outside the confines of the Foreign Assistance Act and the Arms Export Control Act. See Pub. L. No. 93-559, sec. 12, 88 Stat. 1798 (1974) (repealed by Pub. L. No. 97-113, title VII, sec. 734(a)(1), 95 Stat. 1560 (1981)).

[8] Our point here is that the charters of the CIA and NSC appear to recognize that those entities may use their facilities to arrange an arms sale to Iran. Whether these or other governmental agencies would be authorized to spend the sums of money necessary to procure and give arms to Iran is a distinct question, which need not be addressed at this time.

Because we have not seen the classified Schedule of Authorizations referred to in section 102 of the Intelligence Authorization Act for Fiscal Year 1986 or the similar schedule referred to in the FY 1985 authorization legislation, we do not know whether anything in those schedules would affect the issues addressed in this memorandum.

This memorandum does not address the legal questions that may arise from arms having been sold to Iran at prices higher than the prices at which they were made available to the CIA or NSC.

[9] Whether the ultimate source of this discretion is the President's inherent constitutional authority in foreign affairs, or the cited statutes, or some other statute, is a question that need not be resolved. The crucial point is that section 403 of the Intelligence Authorization Act clearly recognizes the existence of the authority, whatever its source.

II. Section 501 of the National Security Act

Under section 403 of the Intelligence Authorization Act for Fiscal Year 1986 (which has now been made permanent as new section 503 of the National Security Act), an arms transfer by either the NSC[10] or the CIA exceeding $1 million in value is subject to the congressional oversight provisions of Section 501 of the National Security Act.[11] We have prepared a separate memorandum in which we concluded that the requirements of section 501 were satisfied as to the recent arms shipments to Iran. We will not repeat that discussion here.

III. The Hughes-Ryan Amendment

The so-called Hughes-Ryan Amendment, section 662 of the Foreign Assistance Act, (codified as amended at 22 U.S.C. 2422), provides in its present form:

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[10] The NSC clearly falls within the definition of an intelligence agency given in section 403(b)(1) of the Intelligence Authorization Act: "any department, agency or other entity of the United States involved in intelligence or intelligence-related activities."

[11] Covert intelligence operations are subject to the congressional reporting requirements of section 501 of the National Security Act, whether they are conducted by the CIA, the NSC, or some other agency. Section 501(a), 50 U.S.C. 413(a), imposes reporting requirements not only on the Director of Central Intelligence, but also on "the heads of all departments, agencies, and other entities of the United States involved in intelligence activities" (emphasis added). Furthermore, the reporting requirements apply to "all intelligence activities which are the responsibility of, are in engaged in by, or are carried out for or on behalf of, any department, agency, or entity of the United States . . . ." (emphasis added). This language is broad enough to encompass the NSC. Finally, even if activities carried out by the NSC could somehow escape the broad language of section 501(a), section 501(b) contains unqualified language requiring the President to "fully inform the [congressional] intelligence committees in a timely fashion of intelligence operations in foreign countries, other than activities intended solely for obtaining necessary intelligence, for which prior notice was not given under subsection (a) of this section . . . ." Thus, unlike the Hughes-Ryan Amendment (discussed in Part III of this memorandum), section 501 of the National Security Act applies to all intelligence operations in foreign countries, whether conducted by the CIA, the NSC, or some other governmental entity.

> No funds appropriated under the authority of this chapter or any other Act may be expended by or on behalf of the Central Intelligence Agency for operations in foreign countries, other than activities intended solely for obtaining necessary intelligence, unless and until the President finds that each such operation is important to the national security of the United States. Each such operation shall be considered a significant anticipated intelligence activity for the purpose of section 413 of title 50 [i.e. section 501 of the National Security Act].

The original version of this provision, Pub. L. No. 93-559, sec. 32, 88 Stat. 1804 (1974), contained identical language pertaining to the President's national security finding and also required him to "report[], in a timely fashion, a description and scope of such operation to the appropriate committees of the Congress . . . ." In 1980, the reporting requirement was replaced with the current reference to section 501 of the National Security Act.[12]

The current version of Hughes-Ryan, which recognizes the President's authority to conduct covert operations abroad,[13] applies by its terms only to activities involving the CIA and requires only that the President make the requisite finding before funds are expended on the operation. Thus, any transfer of arms to Iran in which the CIA was not involved (for example, an operation conducted by NSC staff members without the aid of the CIA) is exempt from Hughes-Ryan. Thus, based on what we know at this time, it appears that no presidential finding was required under Hughes-Ryan with respect to the September 1985 arms transfer to Iran.

Further, the President's written finding of January 17, 1986 sufficed to satisfy Hughes-Ryan as to CIA-assisted transfers that occurred after that date. Because the Iran project appears to have been a single, ongoing operation and because the January 17,

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[12] The statutory language requiring a presidential finding was not amended, and the legislative history indicates that no change in this requirement was intended. See S. Rep. No. 730, 96th Cong., 2d Sess. 5 (1980), *reprinted in* 1980 U.S. Code Cong. & Admin. News 4192, 4196.

[13] *Cf.* 120 Cong. Rec. 33,489 (1974) (colloquy between Senators Humphrey and Hughes).

1986 finding was drafted broadly enough to cover multiple arms shipments in the course of that ongoing operation, we do not believe that separate presidential findings were required for each of the shipments that took place after that date.

Thus, the main issue under Hughes-Ryan concerns the November 1985 arms shipment. Robert McFarlane, formerly Assistant to the President for National Security Affairs, has publicly testified that shipments prior to January 17, 1986 were carried out pursuant to an oral authorization from the President.[14] And it appears that CIA resources were used to facilitate the November shipment.[15] The question, then, is whether the President's oral authorization of arms transfers to Iran could have implied or constituted a Hughes-Ryan "finding" that would allow the CIA to participate or aid in the transfer.

On its face, Hughes-Ryan requires only that the President find each CIA foreign operation "important to the national security of the United States" before such operation is undertaken. The Hughes-Ryan Amendment contains no requirement that this finding be reduced to writing or indeed that it be articulated in so many words.[16] We believe that the main purpose of the presidential finding requirement is to ensure that the

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[14] Because there is some reason to believe that Mr. McFarlane's recollection was not wholly accurate, this Office is preparing a separate analysis of the legal issues that would arise from the absence of an oral authorization by the President for the September and/or November shipments.

[15] There may have been pre-existing written "omnibus" Hughes-Ryan findings that would cover whatever tasks the CIA performed in connection with the November shipment. Further research into the exact nature of the CIA's participation and into the existence of such findings will be needed in order to resolve this issue.

Although the facts are not clear at this time, it appears possible that the only significant CIA involvement in the November shipment was through the use of one its proprietaries. If the proprietary was paid for its services with non-CIA funds, then CIA appropriations may not have been used at all. If that is true, Hughes-Ryan would not be applicable to the November shipment. Alternatively, the CIA's involvement in the November shipment may have been so peripheral that it should be treated in terms of a de minimis exception to Hughes-Ryan; such an analysis would require further research.

[16] There are other statutory provisions requiring that findings or determinations by executive branch officials be committed to writing. See e.g., 20 U.S.C. 2836(c)(3).

President himself[17] decides, before each operation, whether the national security justifies its being carried out. Such a decision, which can be inferred from an oral authorization, satisfies this purpose, and an oral authorization therefore satisfies the Hughes-Ryan finding requirement.[18]

So far as we know, the only legal provision suggesting that the President's finding under Hughes-Ryan might have to be in written form is found in section 654 of the Foreign Assistance Act:[19]

> (a) Report to Congress
>
> In any case in which the President is required to make a report to the Congress, or to any committee or officer of either House of Congress, concerning any finding or determination under any provision of this chapter . . . that finding or determination shall be reduced to writing and signed by the President.

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[17] The President could, presumably, delegate this function to any executive branch official who had been confirmed by the Senate. 3 U.S.C. 301. Such a delegation would have to be published in the Federal Register, which would give Congress the opportunity to object or enact new legislation if it were felt that such delegation was inadvisable.

[18] The legislative history of the Hughes-Ryan Amendment, which focuses mostly on the reporting requirement and congressional oversight generally, contains little discussion of the presidential finding requirement itself. On the floor of the Senate, Senator Humphrey mentioned in passing that national security "would be the only reason we would want to have covert operations . . ." The bill's sponsor, Senator Hughes, interrupted to remark, "I hope that is the only reason." 120 Cong. Rec. 33,489 (1974). We interpret this exchange to confirm our conclusion that the requisite finding could be inferred from the President's having personally authorized a particular operation. We know of nothing in the legislative history of Hughes-Ryan suggesting that Congress meant to disallow oral or implied "findings" by the President. Indeed, Senator Hughes stated on the floor of the Senate that even the congressional report itself, which was regarded as the more important requirement of the Amendment, could be delivered orally by a presidential aide. 120 Cong. Rec. 33,490 (1974) (colloquy between Sen. Hughes and Sen. Stennis).

[19] Codified at 22 U.S.C. 2414.

(b) Action prohibition prior to execution of report

No action shall be taken pursuant to any such finding or determination [prior to the date on which that finding or determination] has been reduced to writing and signed by the President.

(c) Publication in Federal Register

Each such finding or determination shall be published in the Federal Register as soon as practicable after it has been reduced to writing and signed by the President. In any case in which the President concludes that such publication would be harmful to the national security of the United States, only a statement that a determination or finding has been made by the President, including the name and section of the Act under which it was made, shall be published.

(d) Information accessible to Congress prior to transmission of report

No committee or officer of either House of Congress shall be denied any requested information relating to any finding or determination which the President is required to report to the Congress, or to any committee or officer of either House of Congress, under any provision of this chapter, the Foreign Military Sales Act [22 U.S.C. 2751 et seq.], or the Foreign Assistance and Related Programs Appropriation Act for each fiscal year, even though such report has not yet been transmitted to the appropriate committee or officer of either House of Congress.

Because Hughes-Ryan and this provision are both in chapter 32 of title 22, the President would be required to reduce the required finding to writing before each covert operation if he were required to make a report concerning that finding to Congress or to any congressional committee or officer. Hughes-Ryan, however, has never required the President to make any such report concerning his findings: (1) in its present version, Hughes-Ryan requires compliance with section 501 of the National Security Act, which demands certain reports about "intelligence activities"[20] and "intelligence operations"[21] but requires no reports about presidential findings;[22] (2) as originally enacted, Hughes-Ryan required the President to report "a description and scope" of the operation to certain congressional committees;[23] (3) as originally introduced by Senator Hughes, the Hughes-Ryan Amendment would have required that the President provide Congress with both a report of his finding and a description of the nature and scope of each operation;[24] the first of these requirements would have made the requirements of section 654 applicable, but this requirement was dropped from the final version of the bill; thus, Congress deliberately rejected the language that might have brought section 654 into play and substituted language that made section 656 inapplicable.[25] We therefore conclude that section 654 by its own terms does not apply to the Hughes-Ryan Amendment.[26]

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[20] 50 U.S.C. 413(a)(1) (requiring that executive branch officials keep certain congressional committees "fully and currently informed of all intelligence activities" within their jurisdiction).

[21] 50 U.S.C. 413(b) (requiring that the President "fully inform the [congressional] intelligence committees in a timely fashion of intelligence operations in foreign countries . . . for which prior notice was not given under subsection (a) of this section . . . .").

[22] Section 501(a)(2), 50 U.S.C. 413(a)(2), might require certain executive branch officials to provide information about presidential findings, if the information is in their "possession custody, or control," to a congressional intelligence committee upon that committee's request, but it does not require that the President himself make any such report. Section 654 applies only to findings as to which the President himself is required to report to Congress.

[23] As originally enacted, Hughes-Ryan forbade the CIA to spend appropriated funds for covert foreign operations unless and until the President had made the requisite national security finding and had "report[ed], in a timely fashion, a description and scope of such operation to the appropriate committees of the Congress . . . .".

[24] See 120 Cong. Rec. 33,490 (1974), reproducing Senator Hughes' proposed amendment, which would have permitted the President to authorize covert operations "if, but not before, he (1) finds that such operation is vital to the defense of the United States, and (2) transmits an appropriate report of his finding, together with an appropriate description of the nature and scope of such operation" to certain congressional committees.

This conclusion is reinforced by the structure of the Foreign Assistance Act and long-standing practice. This Act deals primarily with overt foreign aid, including military assistance. To subject covert operations, including covert arms transfers, to the requirements of section 654(c), which requires publication in the Federal Register, would not make much sense, especially now that the National Security Act contains an elaborate mechanism by which Congress is kept informed of covert operations.[27] We are informed by the General Counsel of the CIA that presidential findings made pursuant to Hughes-Ryan have never been published in the Federal Register, and that Congress has never objected to this practice. This confirms our conclusion, based on the language and legislative history of the statutory provisions at issue, that section 654 does not apply to presidential findings under Hughes-Ryan.[28]

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[25] The language ultimately adopted by Congress was taken from the House of Representatives' version of the proposed amendment. See 120 Cong. Rec. 39,135 (1974); H.R. Conf. Rep. No. 1610, 93d Cong., 2d Sess. (1974), reprinted in 1974 U.S. Code Cong. & Admin. News 6734, 6744-6745.

[26] This analysis does not leave section 654 without any applications. Chapter 32 of title 22 contains numerous provisions requiring both a presidential finding or determination and a report to Congress concerning such finding or determination. See, e.g., 22 U.S.C. 2364(a); 2370(f); 2371(b); 2414a(b); 2428b(b); 2429(b)(1); 2429a(b)(2)(A). Furthermore, chapter 32 also contains numerous provisions requiring presidential findings or determinations without also requiring a congressional report. See, e.g., 22 U.S.C. 2179(a); 2183(a); 2199(b); 2314(b); 2357(a); 2360(a); 2370(a); 2775. Thus, there is a meaningful distinction, reflected in the language of section 654, between findings concerning which the President must report to Congress and findings concerning which no such report is required.

It should be noted that the legislative history of section 654 suggests that it was enacted in response to incidents in which (1) the Nixon Administration provided military aid to Cambodia and obtained the presidential determination required by the Foreign Assistance Act after the fact; and (2) President Nixon orally determined to authorize military aid to Ceylon, but did not put the determination in writing or inform Congress until some weeks later. S. Rep. No. 431, 92d Cong., 1st Sess. (1971), reprinted in 1972 U.S. Code Cong. & Admin. News 1883, 1895-1896. The legislative history of section 654 cannot properly be used to draw inferences about the subsequently enacted Hughes-Ryan Amendment, especially if those inferences would be contrary to the language and legislative history of Hughes-Ryan itself.

Our conclusion, that Hughes-Ryan findings may take the form of an oral authorization for a particular operation, agrees with previous opinions by Attorney General Bell,[29] by this Office,[30] and by the Legal Adviser at the Department of State.[31]

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[27] The anomalous nature of publishing notice of covert operations in the Federal Register is reduced, but not completely eliminated, by the following provision in section 654(c): "in any case in which the President concludes that such publication would be harmful to the national security of the United States, only a statement that a determination or finding has been made by the President, including the name and section of the Act under which it was made, shall be published." 22 U.S.C. 2414(c). Some covert operations could well be so sensitive that the mere publication of the section of the act under which a presidential finding was made could in some circumstances serve to alert a foreign intelligence agency to the possible existence of the operation.

[28] This conclusion is further strengthened by the nature of section 654(d), which requires the executive branch to respond to inquiries about presidential findings before the report concerning them has been transmitted to Congress. Such a provision would make no sense as applied to the covert operation findings required by Hughes-Ryan.

[29] In a classified memorandum of Oct. 20, 1977, for the Assistant to the President for National Security Affairs, which dealt with a particular proposed covert operation, Attorney General Bell opined that the President's decision that the operation was important to the national security constituted the finding required by Hughes-Ryan "notwithstanding the fact that his Finding has not been reduced to writing."

[30] OLC Memorandum for the Attorney General, Oct. 25, 1977, on Requirements of the Hughes-Ryan Amendment, 22 U.S.C. 2422, at 6 & n.9.

[31] Memorandum of Dec. 11, 1986, to the White House Counsel et al. on Validity of Oral Instruction to Initiate Covert Action;

IV. Other Legal Objections to the Arms Shipments

A number of other legal provisions have been mentioned as possibly raising problems about the arms transfers to Iran. None of them raises serious questions, and they warrant only a brief discussion.

A. Omnibus Diplomatic Security and Antiterrorism Act of 1986.

Section 509 of the Omnibus Diplomatic Security and Antiterrorism Act of 1986, Pub. L. No. 99-399, 100 Stat. 853, 874 (1986), which became effective August 27, 1986, amended the Arms Export Control Act by adding a new section providing:

> (a) Prohibition.--Except as provided in subsection (b), items on the United States Munitions List may not be exported to any country which the Secretary of State has determined, for purposes of section 6(j)(1)(a) of the Export Administration Act of 1979 (50 U.S.C. App. 2405(j)(1)(A)), has repeatedly provided support for acts of international terrorism.
>
> (b) Waiver.--The President may waive the prohibition contained in subsection (a) in the case of a particular export if the President determines that the export is important to the national interests of the United States and submits to the Congress a report justifying that determination and describing the proposed export. Any such waiver shall expire at the end of 90 days after it is granted unless the Congress enacts a law extending the waiver.

The Secretary of State has identified Iran as a country that has repeatedly provided support for acts of international terrorism.[32]

The same reasons that require treating the covert arms shipments to Iran as outside the ambit of the Arms Export Control Act also require that this new amendment to the same Act be treated as inapplicable to covert arms shipments. The President has independent authority, recognized in the National Security Act, for transferring arms in the course of covert intelligence-related operations; the congressional notification requirement in the above-quoted provision is at odds with the congressional oversight process established in section 501 of the National Security Act; and the sparse legislative history of this new provision gives no indication of an intent to override section 501. We therefore conclude that this new provision was not violated by the covert shipment of arms to Iran.

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[32] 49 Fed. Reg. 2836 (1984).

B. Export Administration Act of 1979.

Section 6(j) of the Export Administration Act of 1979, 50 U.S.C. App. 2405(j), limits the issuing of licenses for the export of goods or technology to countries that the Secretary of State has identified as having repeatedly provided support for acts of international terrorism. This statute does not apply to items on the United States Munitions List, which are covered instead by the Arms Export Control Act. Nor does the statute apply to shipments by the United States government, for which no "license" is required. The Export Administration Act is therefore inapplicable to the Iran project.

C. Executive Order 12333

It has been suggested that the Iran project in some way violated the provisions of E.O. 12333, which is the executive order dealing with the structure and conduct of the nation's intelligence effort. E.O. 12333, however, like all executive orders is a set of instructions from the President to his subordinates in the executive branch. Activities authorized by the President cannot "violate" an executive order in any legally meaningful sense, especially in a case where no private rights are involved, because his authorization creates a valid modification of, or exception to, the executive order.

V. Three-way Transactions Involving Israel

Robert McFarlane, formerly Assistant to the President for National Security Affairs, in the public testimony previously mentioned, has said that the arms transfers that took place before January 17, 1986 were accomplished by inducing Israel to ship weapons, which she had obtained from the United States, to Iran on the understanding that our government would replenish Israeli stocks; we also gather that the commitment to resupply Israel was kept. As a legal matter, we believe that such a transaction is equivalent to one in which the United States sells the weapons directly to Iran.

Assuming that the weapons shipped to Iran were originally supplied to Israel under the Foreign Assistance Act or the Arms Export Control Act, Israel would have been forbidden to retransfer them to Iran without the consent of the President.[33] These statutes permit the President to consent to retransfers, but they also require him to comply with a number of formalities. (1) Under the Arms Export Control Act, the President must not consent to a retransfer "unless the United States itself would transfer the defense article under consideration to that country."[34] (2) Furthermore, retransfer of Munitions List items is not permitted under this Act unless "the proposed recipient foreign country [i.e. Iran] provides a commitment in writing to the United States Government that it will not transfer such defense articles . . . to any other foreign country or person without first obtaining the consent of the President."[35] (3) Finally, the President must "promptly submit a report to the Speaker of House of Representatives and to the Committee on Foreign Relations of the Senate on the implementation of each [retransfer] agreement."[36] So far as we know, the second and third of these requirements were not complied with.

The President also has special statutory authority to authorize military assistance and arms export sales, but the exercise of this authority is contingent upon prior consultations with certain congressional committees,[37] which again does not seem to have been done.

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[33] 22 U.S.C. 2314(a); 2753(a)(2).

[34] 22 U.S.C. 2753(a). The Foreign Assistance Act contains a similar provision. 22 U.S.C. 2314(e). This language appears to allow presidential approval if the United States would itself transfer the defense article under some authority other than the Arms Export Control Act (e.g., as part of a covert operation undertaken pursuant to the National Security Act). If this interpretation is correct, the requirement would have been satisfied as to the Iranian project. As we point out in the text, however, there appear to be other formalities that were not satisfied.

[35] 22 U.S.C. 2753(a). The Foreign Assistance Act contains a similar provision. 22 U.S.C. 2314(e).

[36] 22 U.S.C. 2753(a). The Foreign Assistance Act does not contain a similar provision.

It should also be noted that the Arms Export Control Act imposes additional congressional notification requirements for retransfers of "major defense equipment" valued at $14 million or more and for other retransfers valued at $50 million or more. 22 U.S.C. 2753 (d). "Major defense equipment" is defined as "any item of significant military equipment on the United States Munitions List having a nonrecurring research and development cost of more than $50,000,000 or a total production cost of more than $200,000,000." 22 U.S.C. 2794(6).

Assuming that the formalities and congressional notification requirements discussed in the previous paragraph were not complied with, the arrangement with Israel cannot be regarded as a retransfer specifically authorized by the Foreign Assistance Act or the Arms Export Control Act. We do not believe, however, that these statutes are the only authorities that could justify the transaction. Nor do we believe that the three-way transactions involving Israel and Iran are properly analyzed under these statutes.

In evaluating the legal significance of the shipment to Iran of weapons from Israeli stocks, one must focus on the nature of the three-way transaction as a whole. According to Mr. McFarlane's testimony, the transaction was designed to expedite the arrival in Iran of arms that could lawfully have been supplied directly from American stocks; further, Israel participated in the transaction as an accommodation to the American government, and did not itself gain or lose any weapons as a result. Seen in this light, it is apparent that the real nature of the transaction was a bilateral sale between the United States and Iran, with Israel serving solely as a conduit or facilitator in the execution of that sale.[38]

We see no reason to treat the legality of Israel's participation differently than we would treat the participation of any other party that served as a conduit in a lawful covert operation. Had the United States consigned weapons from American stocks to Israel for shipment to Iran, Israel's role would have been exactly equivalent to the role that common carriers or public warehouses play in overt transactions. Because, so far as we know, the weapons that Israel shipped to Iran and received from the United States were completely fungible, a similar equivalence is present here. Just as an *illegal* sale of arms to Iran could not be made legal by using Israel as a conduit, so too a *legal* transaction could not become illegal by Israel being used in the same way.[39]

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[37] 22 U.S.C. 2364.

[38] This memorandum does not deal with the financing of the transaction, the details of which are apparently not yet clear. If Israel retained some of the funds that the Iranians paid for the weapons, the analysis might change, depending on whether the retained funds were viewed as a fee in the nature of a brokers' commission or as profit on a resale. Without now deciding how the analysis would differ, we can note that retention of some funds by Israel would make it less *obviously* appropriate to treat the whole transaction as essentially a bilateral sale of U.S. weapons to Iran.

Several features of the relevant statutes support this analysis. First, the statutes restricting retransfers of American-supplied weapons clearly contemplate situations in which the transferring country, not the United States itself, is the source of the request to make the transfer. The Arms Export Control Act, for example, requires the recipient of American arms (in this case, Israel) to agree not to transfer the arms to a third country (e.g., Iran) without the President's approval,[40] and then goes on to specify certain factors that the President must look to "[i]n considering a request for approval of any transfer . . . ." Clearly, the statute is not aimed at situations in which the President is considering requests from himself for his own approval. The Foreign Assistance Act contains similar provisions, to which the same analysis applies.[41]

The Arms Export Control Act also makes an express distinction between arms exports by private parties in the United States (which ordinarily require an export license) and exports by such private parties "by or for an agency of the United States Government . . . (B) for carrying out any foreign assistance or sales program authorized by law and subject to the control of the President by other means" (which do not require an export license).[42] Analogously, a distinction should be made between Israel's transferring American-supplied arms for her own benefit (which would be subject to the retransfer requirements of the Foreign Assistance Act or the Arms Export Control Act) and such transfers "by or for an agency of the United States Government" (which were not contemplated by the retransfer provisions of those statutes). That Israel's shipments of arms to Iran were "by or for an agency of the United States Government" is clear from (1) the fact that the Israeli shipments were made at the request of American authorities, and (2) the fact that Israel was promised and given identical replacements for the arms that she shipped to Iran.

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[39] So far as we know, there is no legal bar to the use of Israeli help in American intelligence operations.

[40] 22 U.S.C. 2753(a).

[41] See 22 U.S.C. 2314(a)(1)(B); 2314(e).

[42] 22 U.S.C. 2778 (b)(2). Note that this provision appears to assume that there may be arms sales programs carried out pursuant to legal authorities other than the Arms Export Control Act.

Conclusion

For the foregoing reasons, we conclude that a covert intelligence or intelligence-related operation, authorized by the President and conducted by members of the NSC staff and/or the CIA, could lawfully have included the sale of arms to Iran. Such an operation would have been carried out pursuant to presidential powers recognized in sections 101 and 102 of the National Security Act. An oral authorization by the President would have sufficed to allow CIA participation under the Hughes Ryan Amendment. The use of Israel's American-supplied weapons, under an arrangement by which Israeli stocks were later replenished, appears not to have violated the conditions under which American weapons are supplied to Israel.

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EXHIBIT EM-70

U.S. Department of Justice

Office of Legal Counsel

December 17, 1986

Office of the
Assistant Attorney General

Washington, D.C. 20530

EXHIBIT
EM-70

MEMORANDUM FOR THE ATTORNEY GENERAL

Re: The President's Compliance with the "Timely Notification" Requirement of Section 501(b) of the National Security Act

This memorandum responds to your request that this Office review the legality of the President's decision to postpone notifying Congress of a recent series of actions that he took with respect to Iran. As we understand the facts, the President has, for the past several months, been pursuing a multifaceted secret diplomatic effort aimed at bringing about better relations between the United States and Iran (partly because of the general strategic importance of that country and partly to help end the Iran-Iraq war on terms favorable to our interests in the region); at obtaining intelligence about political conditions within Iran; and at encouraging Iranian steps that might facilitate the release of American hostages being held in Lebanon. It is our understanding that the President, in an effort to achieve these goals, instructed his staff to make secret contacts with elements of the Iranian government who favored closer relations with the United States; that limited quantities of defensive arms were provided to Iran; that these arms shipments were intended to increase the political influence of the Iranian elements who shared our interest in closer relations between the two countries and to demonstrate our good faith; and that there was hope that the limited arms shipments would encourage the Iranians to provide our government with useful intelligence about Iran and to assist our efforts to free the Americans being held captive in Lebanon.

On these facts, we conclude that the President was within his authority in maintaining the secrecy of this sensitive diplomatic initiative from Congress until such time as he believed that disclosure to Congress would not interfere with the success of the operation.

As we indicated in our memorandum of November 14, 1986, section 501 of the National Security Act permits the President to withhold prior notification of covert operations from Congress, subject to the requirements that he inform congressional committees of the operations "in a timely fashion," and that he give a statement of reasons for not having provided prior notice. We now conclude that the vague phrase "in a timely fashion" should be construed to leave the President wide discretion to choose a reasonable moment for notifying Congress. This discretion, which is rooted at least as firmly in the President's constitutional authority and duties as in the terms of any statute, must be especially broad in the case of a delicate and ongoing operation whose chances for success could be diminished as much by disclosure while it was being conducted as by disclosure prior to its being undertaken. Thus, the statutory allowance for withholding prior notification supports an interpretation of the "timely fashion" language, consistent with the President's constitutional independence and authority in the field of foreign relations, to withhold information about a secret diplomatic undertaking until such a project has progressed to a point where its disclosure will not threaten its success.[1]

I. The President's Inherent Constitutional Powers Authorize a Wide Range of Unilateral Covert Actions in the Field of Foreign Affairs

A. The President Possesses Inherent and Plenary Constitutional Authority in the Field of International Relations

"The executive Power shall be vested in a President of the United States of America." U.S. Const. art. II, sec. 1. This is the principal textual source for the President's wide and inherent discretion to act for the nation in foreign affairs.[2] The clause has long been held to confer on the President plenary authority to represent the United States and to pursue its interests outside the borders of the country, subject only to limits specifically set forth in the Constitution itself and to such statutory limitations as the Constitution permits Congress to impose by exercising one of its enumerated powers. The President's executive power includes, at a minimum, all the discretion traditionally available to any sovereign in its external relations, except insofar as the Constitution places that discretion in another branch of the government.

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[1] The vagueness of the phrase "in a timely fashion," together with the relatively amorphous nature of the President's inherent authority in the field of foreign relations, necessarily leaves room for some dispute about the strength of the President's legal position in withholding information about the Iranian project from Congress over a period of several months. The remainder of this memorandum outlines the legal support for the President's position, and does not attempt to provide a comprehensive analysis of all the arguments and authorities on both sides of the question. This caveat, which does not alter the conclusion stated in the accompanying text, reflects the urgent time pressures under which this memorandum was prepared.

Before the Constitution was ratified, Alexander Hamilton explained in The Federalist why the President's executive power would include the conduct of foreign policy: "The essence of the legislative authority is to enact laws, or, in other words to prescribe rules for the regulation of the society; while the execution of the laws and the employment of the common strength, either for this purpose or for the common defense, seem to comprise all the functions of the executive magistrate."[3] This fundamental distinction between "prescribing rules for the regulation of the society" and "employing the common strength for the common defense" explains why the Constitution gave to Congress only those powers in the area of foreign affairs that directly involve the exercise of legal authority over American citizens.[4] As to other matters in which the nation acts as a sovereign entity in relation to outsiders, the Constitution delegates the necessary authority to the President in the form of the "executive Power."[5]

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[2] The Constitution also makes the President Commander in Chief of the armed forces (Art. II, sec. 2); gives him power to make treaties and appoint ambassadors, subject to the advice and consent of the Senate (Art. II, sec. 2), and to receive ambassadors and other public ministers (Art. II, sec. 3); the Constitution also requires that the President "take Care that the Laws be faithfully executed" (Art. II, sec. 3). These specific grants of authority supplement, and to some extent clarify, the discretion given to the President by the Executive Power Clause.

[3] The Federalist No. 75, at 450 (A. Hamilton) (C. Rossiter ed. 1961). This number of the The Federalist was devoted primarily to explaining why the power of making treaties is partly legislative and partly executive in nature, so that it made sense to require the cooperation of the President and the Senate in that special case.

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[4] Congress's power "[t]o declare War, grant Letters of Marque and Reprisal, and make Rules concerning Captures on Land and Water," art. I, sec. 8, cl. 11, like the power "[t]o define and punish Piracies and Felonies committed on the high Seas, and Offences against the Law of Nations," art. I, sec. 8, cl 10, and the power "[t]o regulate Commerce with foreign Nations," art. I, sec. 8, cl. 3, reflects the fact that the United States is, because of its geographical position, necessarily a nation in which a significant number of citizens will engage in international commerce. A declaration of war immediately alters the legal climate for Americans engaged in foreign trade and is therefore properly treated as a legislative act necessarily binding on an important section of the private citizenry. Similarly, Congress's broad power over the establishment and maintenance of the armed forces, art. I, sec. 8, cls. 12-16, reflects their obviously important domestic effects. In accord with Hamilton's distinction, however, the actual command of the armed forces is given to the President in his role as Commander in Chief. Treaties (in whose making the Senate participates under art. II, sec. 2) have binding legal effect within our borders, and are most notable for the significantly *small* role that Congress plays.

The presumptively exclusive authority of the President in foreign affairs was asserted at the outset by George Washington and acknowledged by the First Congress. Without consulting Congress, President Washington determined that the United States would remain impartial in the war between France and Great

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[5] As one would expect in a situation dealing with implied constitutional powers, argument and authority can be mustered for the proposition that Congress was intended to have a significant share of the foreign policy powers not specifically delegated by the Constitution. Perhaps the most oft-cited authority for this position is James Madison's "Helvidius Letters" (reprinted in part in E. Corwin, *The President's Control of Foreign Relations* 16-27 (1917)), where he cautioned against construing the President's executive power so broadly as to reduce Congress's power to declare war to a mere formality. Madison's argument was directed principally at countering some overstatements made by Alexander Hamilton in his "Pacificus Letters" (reprinted in part in E. Corwin, *supra*, at 8-15); Madison's argument is *not* properly interpreted to imply that Congress has as great a role to play in setting policy in foreign affairs as in domestic matters. Even Jefferson, who was generally disinclined to acknowledge implied powers in the federal government or in the President, wrote: "The transaction of business with foreign nations is executive altogether; it belongs, then, to the head of that department, except as to such portions of it as are specially submitted to the senate. Exceptions are to be construed strictly. . . ." 5 *Writings of Thomas Jefferson* 161 (Ford ed. 1895). While we agree that Congress has some powers to curb a President who persistently pursued a foreign policy that Congress felt was seriously undermining the national interest, especially in cases where Congress's constitutional authority to declare war was implicated, well-settled historical practice and legal precedents have confirmed the President's dominant role in formulating, as well as in carrying out, the nation's foreign policy.

Britain.[6] Similarly, the First Congress itself acknowledged the breadth of the executive power in foreign affairs when it established what is now the Department of State. In creating this executive department, Congress directed the department's head (i.e. the person now called the Secretary of State) to carry out certain specific tasks when entrusted to him by the President, as well as "such other matters respecting foreign affairs, as the President of the United States shall assign to the said department."[7] Just as the first President and the first Congress recognized that the executive function contained all the residual power to conduct foreign policy that was not otherwise delegated by the Constitution, subsequent historical practice has generally confirmed the President's primacy in formulating and carrying out American foreign policy.[8]

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[6] Proclamation of the President, April 22, 1793, *reprinted in* 1 *Messages and Papers of the Presidents* 156-157 (J. Richardson ed. 1896). President Washington also warned that his Administration would pursue criminal prosecutions for violations of his neutrality proclamation. Although such prosecutions were upheld at the time, a rule that would prohibit such prosecutions was recognized by the Supreme Court relatively soon thereafter. Compare *Henfield's Case*, 11 F. Cas. 1099, 1102 (C.C.D. Pa. 1793) (No. 6,360) (Jay, C.J.), with *United States v. Hudson & Goodwin*, 11 U.S. (7 Cranch) 32 (1812). It is worth emphasizing that Presidents have sometimes encountered constitutional obstacles when attempting to pursue foreign policy goals through actions in the domestic arena, but have rarely been interfered with in taking diplomatic steps, or even military actions short of war, outside our borders. The present significance of President Washington's proclamation has less to do with the particular actions he might have taken in the domestic sphere than with his claim that *foreign* affairs are generally within the constitutional domain assigned to the Executive. This claim is consistent with the Constitution and has now been reinforced by long historical practice.

[7] Act of July 27, 1789, 1 Stat. 28-29. See also Act of Jan. 30, 1799, 1 Stat. 613 (similar provision currently codified at 18 U.S.C. 953), which made it a crime for any person to attempt to influence the conduct of foreign nations with respect to a controversy with the United States.

The Supreme Court, too, has recognized the President's broad discretion to act on his own initiative in the field of foreign affairs. In the leading case, *United States v. Curtiss-Wright Export Corp.*, 299 U.S. 304 (1936), the Court drew a sharp distinction between the President's relatively limited inherent powers to act in the domestic sphere and his far-reaching discretion to act on his own authority in managing the external relations of the country. The Supreme Court emphatically declared that this discretion derives from the Constitution itself and that congressional efforts to act in this area must be evaluated in the light of the President's constitutional ascendancy:

> It is important to bear in mind that we are here dealing not alone with an authority vested in the President by an exertion of legislative power, but with such an authority *plus* the very delicate, plenary and exclusive power of the President as the *sole* organ of the federal government in the field of international relations--*a power which does not require as a basis for its exercise an act of Congress*, but which, of course, like every other governmental power, must be

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[8] The fact that Presidents have often asked Congress to give them specific statutory authority to take action in foreign affairs may reflect a practical spirit of courtesy and compromise rather than any concession of an absence of inherent constitutional authority to proceed. For example, President Franklin Roosevelt requested that Congress repeal a provision of the Emergency Price Control Act that he felt was interfering with the war effort; he warned, however, that if Congress failed to act, he would proceed on the authority of his own office to take whatever measures were necessary to ensure the winning of the war. 88 Cong. Rec. 7044 (1942).

As one would expect, of course, Congress has not always accepted the most far-reaching assertions of presidential authority. See also *Youngstown Sheet & Tube Co. v. Sawyer*, 343 U.S. 579 (1952) (Constitution did not authorize President to take possession of and operate privately owned steel mills that had ceased producing strategically important materials during labor dispute); *id.* at 635 (Jackson, J., concurring) ("[The Constitution] enjoins upon [the government's] branches separateness but interdependence, autonomy but reciprocity. Presidential powers are not fixed but fluctuate, depending upon their disjunction or conjunction with those of Congress.").

exercised in subordination to the applicable provisions of the Constitution. It is quite apparent that if, in the maintenance of our international relations, embarrassment--perhaps serious embarrassment--is to be avoided and success for our aims achieved, congressional legislation which is to be made effective through negotiation and inquiry within the international field must often accord to the President a degree of discretion and freedom from statutory restriction which would not be admissible were domestic affairs alone involved. Moreover, he, not Congress, has the better opportunity of knowing the conditions which prevail in foreign countries, and especially is this true in time of war. He has his confidential sources of information. He has his agents in the form of diplomatic, consular and other officials. Secrecy in respect of information gathered by them may be highly necessary, and the premature disclosure of it productive of harmful *results*.[9]

Based on this analysis, the Supreme Court rejected the argument that Congress had improperly delegated a legislative function to the President when it authorized him to impose an embargo on arms going to an area of South America in which a war was taking place. The Court's holding hinged on the essential insight that the embargo statute's principal effect was merely to remove any question about the President's power to pursue his foreign policy objectives by enforcing the embargo *within* the borders of this country.[10] As the Court emphatically stated, the President's authority to act in the field of international relations is plenary, exclusive, and subject to no legal limitations save those derived from applicable provisions of the Constitution itself.[11] As the Court noted with obvious approval, the Senate Committee on Foreign Relations acknowledged this principle at an early date in our history:

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[9] 299 U.S. at 319-320 (emphasis added). See also *Chicago & Southern Air Lines v. Waterman S.S. Corp.*, 333 U.S. 103, 109 (1948) (President "possesses in his own right certain powers conferred by the Constitution on him as Commander-in-Chief and as the Nation's organ in foreign affairs"); *id.* at 109-112 (refusing to read literally a statute that seemed to require judicial review of a presidential decision taken pursuant to his discretion to make foreign policy); *id.* at 111 ("It would be intolerable that courts, without the relevant information, should review and perhaps nullify actions of the Executive taken on information properly held secret."), *quoted with approval in United States v. Nixon*, 418 U.S. 683, 710 (1974).

In *Perez v. Brownell*, 356 U.S. 44, 57 (1958) (citations omitted), the Court stated, "Although there is in the Constitution no specific grant to Congress of power to enact legislation for the effective regulation of foreign affairs, there can be no doubt of the existence of this power in the law-making organ of the Nation." The *Perez* Court, however, was reviewing the constitutionality of a statute in whose drafting the Executive Branch had played a role equivalent to one of Congress's own committees. 356 U.S. at 56. Furthermore, the statute at issue in *Perez* provided that an American national who voted in a political election of a foreign state would thereby lose his American nationality. If the President lacks the inherent constitutional authority to deprive an American of his nationality, then the *Perez* Court's language about congressional "regulation of foreign affairs" may refer only to "regulation of domestic affairs that affect foreign affairs." In any case, *Perez* should not be read to imply that Congress has broad legislative powers that can be used to diminish the President's inherent Article II discretion.

> "The President is the constitutional representative of the United States with regard to foreign nations. He manages our concerns with foreign nations and must necessarily be most competent to determine when, how, and upon what subjects negotiation may be urged with the greatest prospect of success. For his conduct he is responsible to the Constitution. The committee consider this responsibility the surest pledge for the faithful discharge of his duty. They think the interference of the Senate in the direction of foreign negotiations calculated to diminish that responsibility and thereby to impair the best security for the national safety. The nature of transactions with foreign nations, moreover, requires caution

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[10] See 299 U.S. at 327 (effect of various embargo acts was to confide to the President "an authority which was cognate to the conduct by him of the foreign relations of the government")(quoting Panama Refining Co. v. Ryan, 293 U.S. 388, 422 (1935) (emphasis added)). This implies that while the President may in some cases need enabling legislation in order to advance his foreign policy by controlling the activities of American citizens on American soil, he needs no such legislation for operations and negotiations outside our borders.

[11] Because the presidential action at issue in Curtiss-Wright was authorized by statute, the Court's statements as to the President's inherent powers could be, and have been, characterized as dicta. See, e.g., Youngstown Sheet & Tube Co. v. Sawyer, 343 U.S. 579, 635 n.2 (1952) (Jackson, J., concurring). We believe, however, that the Curtiss-Wright Court's broad view of the President's inherent powers was essential to its conclusion that Congress had not unconstitutionally delegated legislative authority to the President. Furthermore, the Supreme Court has since reaffirmed its strong commitment to the principle requiring the "utmost deference" to presidential responsibilities in the military and diplomatic areas. United States v. Nixon, 418 U.S. 683, 710 (1974).

> and unity of design, and their success frequently depends on secrecy and dipatch."

299 U.S. at 319 (emphasis added) (quoting U.S. Senate, Reports, Committee on Foreign Relations, vol. 8, p. 24 (Feb. 15, 1816)). It follows inexorably from the Curtiss-Wright analysis that congressional legislation authorizing extraterritorial diplomatic and intelligence activities is superfluous, and that statutes infringing the President's inherent Article II authority would be unconstitutional.[12]

No support.

B. Secret Diplomatic and Intelligence Missions Are at the Core of the President's Inherent Foreign Affairs Authority

The President's authority over foreign policy, precisely because its nature requires that it be wide and relatively unconfined by preexisting constraints, is inevitably somewhat ill-defined at the margins. Whatever questions may arise at the outer reaches of his power, however, the conduct of secret negotiations and intelligence operations lies at the very heart of the President's executive power. The Supreme Court has repeatedly so held in modern times. For example:

> Not only, as we have shown, is the federal power over external affairs in origin and essential character different from that over

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[12] See e.g., United States ex rel. Knauff v. Shaughnessy, 338 U.S. 537, 542 (1950) (citations omitted):

> The exclusion of aliens is a fundamental act of sovereignty. The right to do so stems not alone from legislative power but is inherent in the executive power to control the foreign affairs of the nation. When Congress prescribes a procedure concerning the admissibility of aliens, it is not dealing alone with a legislative power. It is implementing an inherent executive power. ✓

See also Worthy v. Herter, 270 F.2d 905, 910-912 (D.C. Cir. 1959) (statute giving President authority to refuse to allow Americans to travel to foreign "trouble spots" simply reinforces the President's inherent constitutional authority to impose the same travel restrictions).

> internal affairs, but participation in the exercise of the power is significantly limited. In this vast external realm, with its important, complicated, delicate and manifold problems, the President alone has the power to speak or listen as a representative of the nation. He *makes* treaties with the advice and consent of the Senate; but he alone negotiates. Into the field of negotiations the Senate cannot intrude; and Congress itself is powerless to invade it.

United States v. Curtiss-Wright Export Corp., 299 U.S. 304, 319 (1936) (emphasis in original). The Court has also, and more recently, emphasized that this core presidential function is by no means limited to matters directly involving treaties. In *United States v. Nixon*, 418 U.S. 683 (1974), the Court invoked the basic *Curtiss-Wright* distinction between the domestic and international contexts to explain its rejection of President Nixon's claim of an absolute privilege of confidentiality for all communications between him and his advisors. While rejecting this sweeping and undifferentiated claim of executive privilege as applied to communications involving domestic affairs, the Court repeatedly and emphatically stressed that military or diplomatic secrets are in a different category: such secrets are intimately linked to the President's Article II duties, where the "courts have traditionally shown the *utmost deference* to Presidential responsibilities." 418 U.S. at 710 (emphasis added).[13]

Such statements by the Supreme Court reflect an understanding of the President's function that is firmly rooted in the nature of his office as it was understood at the time the Constitution was adopted. John Jay, for example, offered a concise statement in *The Federalist*:

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[13] See also *id*. at 706 ("a claim of need to protect military, diplomatic, or sensitive national security secrets" would present a strong case for denying judicial power to make *in camera* inspections of confidential material); *id*. at 712 n.19 (recognizing "the President's interest in preserving state secrets").

Note also that the *Curtiss-Wright* Court expressly endorsed President Washington's refusal to provide the House of Representatives with information about treaty negotiations *after the negotiations had been concluded*. 299 U.S. at 320-321. *A fortiori*, such information could be withheld *during* the negotiations.

> It seldom happens in the negotiation of treaties, of whatever nature, but that perfect *secrecy* and immediate *dispatch* are sometimes requisite. There are cases where the most useful intelligence may be obtained, if the persons possessing it can be relieved from apprehensions of discovery. Those apprehensions will operate on those persons whether they are actuated by mercenary or friendly motives; and there doubtless are many of both descriptions who would rely on the secrecy of the President, but who would not confide in that of the Senate, and still less in that of a large popular assembly. The convention have done well, therefore, in so disposing of the power of making treaties that although the President must in forming them, act by the advice and consent of the Senate, yet he will be able to manage the business of intelligence in such manner as prudence may suggest.
>
> . . . So often and so essentially have we heretofore suffered from the want of secrecy and dispatch that the Constitution would have been inexcusably defective if no attention had been paid to those objects. Those matters which in negotiations usually require the most secrecy and the most dispatch are those preparatory and auxiliary measures which are not otherwise important in a national view, than as they tend to facilitate the attainment of the objects of the negotiation.[14]

Jay's reference to treaties "of whatever nature" and his explicit discussion of intelligence operations make it clear that he was speaking, not of treaty negotiation in the narrow sense, but of the whole process of diplomacy and intelligence-gathering. The President's recent Iran project fits comfortably within the terms of Jay's discussion.

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[14] *The Federalist* No. 64, at 392-393 (J. Jay) (C. Rossiter ed. 1961) (emphasis in original). Jay went on to note that "should any circumstance occur which requires the advice and consent of the Senate, he may at any time convene them." *Id*. at 393. Jay did not, however, suggest that the President would be obliged to seek such advice and consent for actions other than those specifically enumerated in the Constitution.

C. The President Has Inherent Authority to Take Steps to Protect the Lives of Americans Abroad

Perhaps the most important reason for giving the federal government the attributes of sovereignty in the international arena was to protect the interests and welfare of American citizens from the various threats that may be posed by foreign powers. This obvious and common sense proposition was confirmed and relied on by the Supreme Court when it held that every citizen of the United States has a constitutional right, based on the Privileges or Immunities Clause of the Fourteenth Amendment, "to demand the care and protection of the Federal government over his life, liberty, and property when on the high seas or within the jurisdiction of a foreign government."[15] Accordingly, the Supreme Court has repeatedly intimated that the President has inherent authority to protect Americans and their property abroad by whatever means, short of war, he may find necessary.

An early judicial recognition of the President's authority to take decisive action to protect Americans abroad came during a mid-nineteenth century revolution in Nicaragua. On the orders of the President, the commander of a naval gunship bombarded a town where a revolutionary government had engaged in violence against American citizens and their property. In a later civil action against the naval commander for damages resulting from the bombardment, Justice Nelson of the Supreme Court held that the action could not be maintained:

> As the executive head of the nation, the president is made the *only* legitimate organ of the general government, to open and carry on correspondence or negotiations with foreign nations, in matters concerning the interests of the country or of its citizens. *It is to him, also, the citizens abroad must look for protection of person and of property*, and for the faithful execution of the laws existing and intended for their protection. For this purpose, the *whole executive power* of the country is placed in his hands, under the constitution, and the laws passed in pursuance thereof . . . .
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> Now, as it respects the interposition of the executive abroad, for the protection of the lives or property of the citizen, *the*

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[15] *Slaughter-House Cases*, 83 U.S. (16 Wall.) 36, 79 (1873).

> *duty must, of necessity, rest in the discretion of the president*. Acts of lawless violence, or of threatened violence to the citizen or his property, cannot be anticipated and provided for; and the protection, to be effectual or of any avail, may, not infrequently, require the most prompt and decided action. Under our system of government, *the citizen abroad is as much entitled to protection as the citizen at home*. The great object and duty of government is the protection of the lives, liberty, and property of the people composing it, whether abroad or at home; and any government failing in the accomplishment of the object, or the performance of the duty, is not worth preserving.

Durand v. Hollins, 8 F. Cas. 111, 112 (C.C.S.D.N.Y. 1860) (No. 4,186) (emphasis added).

Later, the full Court confirmed this analysis in an opinion holding that the President has inherent authority to provide bodyguards, clothed with federal immunity from state law, to protect judicial officers, even when they are travelling *within* the United States in the performance of their duties. *In re Neagle*, 135 U.S. 1 (1890). Rather than base its decision on a narrow analysis of the status of federal judges, the Court held that the presidential duty to "take Care that the Laws be faithfully executed"[16] includes "any obligation fairly and properly inferrible [sic] from" the Constitution.[17] The Court specifically stated that these were not limited to the express terms of statutes and treaties, but included "the rights, duties, and obligations growing out of *the Constitution itself*, our *international relations*, and *all* the protection implied by the nature of the government under the Constitution."[18] As the Court pointed out, Congress itself had approved this position when it ratified the conduct of the government in using military threats and diplomatic pressure to secure the release of an American who had been taken prisoner in Europe. Noting that Congress had voted a medal for the naval officer who had threatened to use force to obtain the American's release, the Court asked, "Upon what act of Congress then existing can any one lay his finger in support of the action of our government in this matter?"[19] If military force may be used on the President's own discretion to protect American lives and property abroad, surely the less drastic means employed by President Reagan during the Iran project were within his constitutional authority.

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[16] U.S. Const., art. II, sec. 3.

[17] *In re Neagle*, 135 U.S. at 59.

[18] *Id*. at 64 (emphasis added).

II. Any Statute Infringing upon the President's Inherent Authority to Conduct Foreign Policy Would be Unconstitutional and Void.

Congress has traditionally exercised broad implied powers in overseeing the activities of Executive Branch agencies, including "probes into departments of the Federal Government to expose corruption, inefficiency or waste." Watkins v. United States, 354 U.S. 178, 187 (1957); see also McGrain v. Daugherty, 273 U.S. 135, 161-164 (1927). This power of oversight is grounded on Congress's need for information to carry out its legislative function. Because the executive departments are subject to statutory regulation and to practical restrictions imposed through appropriations levels, Congress can usually demonstrate that it has a legitimate and proper need for the information necessary to make future regulatory and appropriations decisions in an informed manner. McGrain, 273 U.S. at 178.

As the Supreme Court has observed, however, the congressional power of oversight "is not unlimited." Watkins, 354 U.S. at 187.[20] It can be exercised only in aid of a legitimate legislative function traceable to one of Congress's enumerated powers. See McGrain, 273 U.S. at 173-174. The power of oversight cannot constitutionally be exercised in a manner that would usurp the functions of either the Judicial or Executive Branches. Thus, the Supreme Court has held that by investigating the affairs of a business arrangement in which one of the government's debtors was interested, "the House of Representatives not only exceeded the limit of its own authority, but assumed a power which could only be properly exercised by another branch of the government, because it was in its nature clearly judicial." *Kilbourn v. Thompson*, 103 U.S. 168, 192 (1881). The same principle applies to congressional inquiries that would trench on the President's exclusive functions. "Lacking the judicial power given to the Judiciary, [Congress] cannot inquire into matters that are exclusively the concern of the Judiciary. *Neither can it supplant the Executive in what exclusively belongs to the Executive*." *Barenblatt v. United States*, 360 U.S. 109, 112 (1959) (emphasis added).[21]

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[19] Id. The fact that such a statute may have existed, see Expatriation Act of July 27, 1868, ch. 249, sec. 3, 15 Stat. 223, 224 (current version at 22 U.S.C. 1732) (authorizing the President to use such means, short of war, as may be necessary to obtain the release of Americans unjustly held prisoner by foreign governments), does not diminish the force of the Supreme Court's statement that no such statute would be needed to support such an exercise of executive power.

[20] It is worth observing that Congress's oversight powers are no more explicit in the Constitution than are the President's powers in foreign affairs. See McGrain, 273 U.S. at 161.

It is undoubtedly true that the Constitution does not contemplate "a complete division of authority between the three branches." *Nixon v. Administrator of General Services*, 433 U.S. 425, 443 (1977). Nevertheless, there are certain quintessential executive functions that Congress may not exercise in the guise of its "oversight power." Congress, for example, may not give its own agents the power to make binding rules "necessary to or advisable for the administration and enforcement of a major statute." *Buckley v. Valeo*, 424 U.S. 1, 281 (1976) (White, J., concurring in part). Nor may Congress unilaterally alter the rights and duties created by a prior statutory authorization. *INS v. Chadha*, 462 U.S. 919, 951 (1983). In general, the management and control of affairs committed to the Executive Branch, even those given to the Executive by Congress itself, must remain firmly in the control of the President. *Myers v. United States*, 272 U.S. 52, 135 (1926). *A fortiori*, the conduct of affairs committed exclusively to the President by the *Constitution* must be carefully insulated from improper congressional interference in the guise of "oversight" activities.

Case doesn't support

This principle has three immediately relevant corrolaries. First, decisions and actions by the President and his immediate staff in the conduct of foreign policy are not subject to direct review by Congress. "By the constitution of the United States, the President is invested with certain important political powers, in the exercise of which he is to use his own discretion, and is accountable only to his country in his political character, and to his own conscience." *Marbury v. Madison*, 5 U.S. (1 Cranch) 137, 164 (1803).[22]

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[21] On its facts, *Barenblatt* did not involve an inter-branch dispute. The Court upheld a contempt citation issued by a House Committee against a witness who refused to answer questions about his ties with the Communist Party.

[22] Obviously, Congress may investigate and consider the President's past actions when performing one of its own assigned functions (for example, while giving advice and consent to treaties or appointments, deciding whether to issue a declaration of war, or during the impeachment process).

Second, while Congress unquestionably possesses the power to make decisions as to the appropriation of public funds, it may not attach conditions to Executive Branch appropriations that require the President to relinquish any of his constitutional discretion in foreign affairs. Just as an individual cannot be required to waive his constitutional rights as a condition of accepting public employment or benefits, so the President cannot be compelled to give up the authority of his office as a condition of receiving the funds necessary to carry out the duties of his office.[23] To leave the President thus at the mercy of the Congress would violate the principle of the separation of powers in the most fundamental manner. The Federalist indicates that one great "inconveniency" of republican government is the tendency of the legislature to invade the prerogatives of the other branches, and that one of the main concerns of the Framers was to give the other branches the "necessary constitutional means and personal motives to resist [such] encroachments."[24] In an effort to address this problem the Constitution provides that the President's personal compensation cannot be altered during his term of office,[25] and it must be acknowledged that the President's constitutional independence is even more precious and

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Inapposite

[23] The doctrine of unconstitutional conditions has pervasive application throughout the law. For a good general statement of the doctrine, see Frost & Frost Trucking Co. v. Railroad Commission, 271 U.S. 583, 594 (1926):

> If the state may compel the surrender of one constitutional right as a condition of its favor, it may, in like manner, compel a surrender of all. It is inconceivable that guaranties embedded in the Constitution of the United States may thus be manipulated out of existence.

[24] The Federalist No. 51, at 321-322 (J. Madison) (C. Rossiter ed. 1961).

[25] U.S. Const., art. II, sec. 1, cl. 7; The Federalist No. 51, at 321 (J. Madison) (C. Rossiter ed. 1961); Id. No. 73, at 441-442 (A. Hamilton).

vulnerable than his personal independence.[26]

Third, any statute that touches on the President's inherent authority in foreign policy must be interpreted to leave the President as much discretion as the language of the statute will allow. This accords with the well-established judicial presumption in favor of construing statutes so as to avoid constitutional questions whenever possible.[27] Because the President's constitutional authority in international relations is by its very nature virtually as broad as the national interest and as indefinable as the exigencies of unpredictable events, almost *any* congressional attempt to curtail his discretion raises questions of constitutional dimension. Those questions can, and must, be kept to a minimum in the only way possible: by resolving all statutory ambiguities in accord with the presumption that recognizes the President's constitutional independence in international affairs.

III. *Statutory Requirements that the President Report to Congress about his Activities Must Be Construed Consistently with the President's Constitutional Authority to Conduct Foreign Policy*.

In 1980, the National Security Act of 1947 was amended to provide for congressional oversight of "significant anticipated intelligence activities." This section now provides (section

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[26] See 41 Op. A.G. 230, 233 (1955):

> It is recognized that the Congress may grant or withhold appropriations as it chooses, and when making an appropriation may direct the purposes to which the appropriation shall be devoted. It may also impose conditions with respect to the use of the appropriation, provided always that the conditions do not require operation of the Government in a way forbidden by the Constitution. If the practice of attaching invalid conditions to legislative enactments were permissible, it is evident that the constitutional system of the separability of the branches of Government would be placed in the gravest jeopardy.

[27] "[I]f 'a construction of the statute is fairly possible by which [a serious doubt of constitutionality] may be avoided,' a court should adopt that construction." *Califano v. Yamasaki*, 442 U.S. 682, 693 (1979) (quoting *Crowell v. Benson*, 285 U.S. 22, 62 (1932)).

501(a) of the National Security Act, 50 U.S.C. 413(a)) (emphasis added):

> To the extent consistent with all applicable authorities and duties, including those conferred by the Constitution upon the executive and legislative branches of the Government, and to the extent consistent with due regard for the protection from unauthorized disclosure of classified information and information relating to intelligence sources and methods, the Director of Central Intelligence and the heads of all departments, agencies, and other entities of the United States involved in intelligence activities shall --
>
> (1) keep the Select Committee on Intelligence of the Senate and the Permanent Select Committee on Intelligence of the House of Representatives . . . fully and currently informed of all intelligence activities which are the responsibility of, are engaged in by, or are carried out for or on behalf of, any department, agency, or entity of the United States, including any significant anticipated intelligence activity, except that (A) the foregoing provision shall not require approval of the intelligence committees as a condition precedent to the initiation of any such anticipated intelligence activity, and (B) if the President determines it is essential to limit prior notice to meet extraordinary circumstances affecting vital interests of the United States, such notice shall be limited to the chairman and ranking minority members of the intelligence committees, the Speaker and minority leader of the House of Representatives, and the majority and minority leaders of the Senate.

For situations in which the President fails to give prior notice under section 501(a), section 501(b), 50 U.S.C. 413(b), (emphasis added) provides:

> The President shall fully inform the intelligence committees in a timely fashion of intelligence operations in foreign countries, other than activities intended solely for obtaining necessary intelligence, for which prior notice was not given under subsection (a) of this section and shall provide a statement of the

reasons for not giving prior notice.[28]

The delicate connection between the "timely notice" requirement of section 501(b) and the President's inherent constitutional authority, acknowledged in section 501(a), is dramatically confirmed by a colloquy between Senators Javits and Huddleston, both of whom were on the committee that drafted this provision. Senator Javits asked: "If information has been withheld from both the select committee and the leadership group (as section 501(b) envisages), can it be withheld on any grounds other than 'independent constitutional authority' and, if so, on what grounds?" Senator Huddleston answered: "Section 501(b) recognizes that the President may assert constitutional authority to withhold prior notice of covert operation [sic], but would *not* be able to claim the identical authority to withhold timely notice under section 501(b). A claim of constitutional authority is the *sole* grounds that may be asserted for withholding prior notice of a covert operation." 126 Cong. Rec. 17693 (1980)

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[28] Section 501 of the National Security Act does *not* contemplate that prior notice of "intelligence activities" will be given in all instances. Subsection (b) of section 501 makes specific provision for situations in which "prior notice was not given under subsection (a)." Because subsection (a) includes situations in which the President provides notice to the full intelligence committees under subsection (a)(1)(A) and situations in which he provides prior notice restricted to designated members of Congress, including the chairmen and ranking members of the House and Senate intelligence committees under subsection (a)(1)(B), it seems clear that subsection (b) contemplates situations in which no prior notice has been given under either of these provisions.

(emphasis added).[29] If, as Senator Huddleston contended, section

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[29] A similar colloquy took place on the floor of the House between Rep. Boland, Chairman of the House Select Committee on Intelligence, and Rep. Hamilton:

> Rep. Hamilton: As I understand that subsection, it allows the President to withhold prior notice entirely: that is, he does not inform anyone in that circumstance. He only has to report in a timely fashion.
> Is that a correct view of subsection (b)?
>
> Rep. Boland: In response to the gentleman, let me say that the President must always give at least timely notice.

126 Cong. Rec. 28,392 (1980). Thus, Rep. Boland clearly, if reluctantly, confirmed Rep. Hamilton's interpretation. During the floor debates, several Senators also acknowledged that the proposed legislation did not require that Congress be notified of all intelligence activities prior to their inception. According to Senator Nunn, the bill contemplated that "in certain instances the requirements of secrecy preclude any prior consultation with Congress." 126 Cong. Rec. 13,127 (1980)(statement of Sen. Nunn). See also id. at 13,125 (statement of Sen. Huddleston)("Section 501(b) recognizes that the President may assert constitutional authority to withhold prior notice of covert operations . . . ."); id. at 13,103 (statement of Sen. Bayh).

In the course of the floor debates, some Senators stated that the situations in which prior notice was not required would be very rare. See, e.g., 126 Cong. Rec. 26,276 (1980) (remarks of Sen. Inouye). Such statements are of little relevance to determining the scope of the prior notice requirement. First, the executive branch has always agreed that instances of deferred reporting will be rare and has consistently given prior notice. Second, section 501 at the very least permits the President to defer notice when he is acting pursuant to his independent constitutional authority; the scope of this authority is determined, not by legislators' view of the Constitution, but by the Constitution itself. Third, the draftsmen of section 501 decided that because the scope of the President's constitutional "authorities and duties" was in serious dispute, the legislation would not attempt to resolve the issues separating the parties to the dispute. See 126 Cong. Rec. 13,123 (1980) (statement of Sen. Javits). The ambiguities of subsection (b) reflect Congress' inability to override the executive branch's view of the President's constitutional authority. That dispute cannot now be settled, contrary to the Executive's position, by reference to the statements of individual Congressmen who had a narrow view of the President's constitutional role.

501(b) is to be interpreted to require the President to act on his inherent authority in withholding notice of covert operations until after the fact,[30] then any further statutory limitations on the President's discretion should be narrowly construed in order to respect the President's constitutional independence. The requirement that such after-the-fact notification be made "in a timely fashion" appears to be such an additional limitation.

The entire analysis in this memorandum supports the proposition that the phrase "in a timely fashion" must be construed to mean "as soon as the President judges that disclosure to congressional committees will not interfere with the success of the operation." To interpret it in any other way--for example, by requiring notification within some arbitrary period of time unrelated to the exigencies of a particular operation--would seriously infringe upon the President's ability to conduct operations that cannot be completed within whatever period of time was read into the statutory provision.[31] Furthermore, several putatively discrete intelligence "operations" may be so interrelated that they should realistically be treated as a single undertaking whose success might be jeopardized by disclosure prior to its completion.[32]

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[30] Senator Huddleston's interpretation is not necessarily correct. As we indicated in our memorandum of November 14, 1986, the President may be able to withhold prior notice even without invoking his independent constitutional authority.

[31] On the floor of the Senate, the bill's sponsor indicated that his personal view of the President's constitutional powers was very narrow, and that he wanted the relevant congressional committees notified "as soon as possible." He acknowledged, however, that the executive branch took a different view, and that he expected "that these matters will be worked out in a practical way." 126 Cong. Rec. 13096 (1980) (remarks of Sen. Huddleston). These statements show that the legislation was not thought to preclude the President from acting on his own view of his own constitutional powers. In guarding against such improper interference, the President's own interpretation of his constitutional powers "is due great respect" from the other branches. See United States v. Nixon, 418 U.S. 683, 703 (1974).

Thus, a number of factors combine to support the conclusion that the "timely fashion" language should be read to leave the President with virtually unfettered discretion to choose the right moment for making the required notification. The word

Wow

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[32] In his prepared testimony on S. 2284, President Carter's CIA Director, Stansfield Turner, stated (*National Intelligence Act of 1980: Hearings before the Senate Select Committee on Intelligence*, 96th Cong. 2d Sess. 17 (1980)) (emphasis added):

> Prior reporting would reduce the President's flexibility to deal with situations involving grave danger to personal safety, or which dictate special requirements for speed and secrecy. On the other hand, activities which would have long term consequences, or which would be carried out over an extended period of time should *generally* be shared with the Congress at their inception, and I would have no objection to making this point in the legislative history.

Turner's testimony cannot properly be interpreted to imply that all "long term," as opposed to "short term," projects require prior notice. First, Turner drew a distinction between projects involving great personal danger *or* requiring speed and secrecy and projects of long duration or with long term consequences. He did not address projects that are *both* long term *and* that involve danger to personal safety, such as the recent Iranian initiative. The inadvisability of prior reporting applies as forcefully to such a project as to "short term" projects that involve personal safety. Second, Turner was careful not to say that long term projects must always be reported at their inception; he said only that they will *generally* be so reported. In a colloquy with Senator Bayh concerning the word "generally," Turner stressed that "one has to be a little cautious" in making such a statement because "it will be quoted back from these hearings for years to come." *Hearings, supra*, at 32. Turner never stated that the Executive would or should give prior notice of all long term projects. Third, a distinction between long and short term projects would virtually force the President to prefer military to diplomatic initiatives in situations like the one at issue in this memorandum, which could not have been Congress' intent. ?

In any event, S. 2284 was not enacted, and the full Congress never had its attention directed to Turner's statements. Those statements are therefore not a significant aid in interpreting section 501(b). As we have shown, both the text of the statute and the colloquies on the floor of the House and Senate indicate that Congress did not require prior notice when the President was acting pursuant to his independent constitutional authority. In permitting "timely notice" in section 501(b), Congress made no distinction between long and short term projects, and no such distinction should be read into the statute.

Wev

"timely" is inherently vague;[33] in *any* statute, it would ordinarily be read to give the party charged with abiding by a timeliness requirement the latitude to interpret it in a reasonable manner. Congress apparently thought that the notification requirement was meant to limit the President's exercise of his inherent authority, while at the same time Congress acknowledged the existence and validity of that authority. Because the President is in the best position to determine what the most reasonable moment for notification is, and because any statutory effort to curtail the President's judgment would raise the most serious constitutional questions, the "timely fashion" language should be read, in its natural sense, as a concession to the President's superior knowledge *and constitutional right* to make any decision that is not manifestly and indisputably unreasonable.[34] This conclusion is reinforced by the nature of intelligence operations, which are often exceptionally delicate undertakings that may have to extend over considerable periods of time. The statute's recognition of the President's authority to withhold prior notification would be meaningless if he could not withhold notification at least until after the undertaking as a whole was completed or terminated.[35]

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[33] The statute uses a more precise phrase in section 501(a), where it requires that certain committees be kept "fully and currently informed" of activities not covered by section 501(b). This phrase was interpreted by the Senate Committee to mean that "[a]rrangements for notice are to be made forthwith, without delay." S. Rep. No. 730, 96th Cong., 2d Sess. 9 (1980), *reprinted in* 1980 U.S. Code Cong. & Admin. News 4192, 4199. No such interpretation was placed on the "timely fashion" language of section 501(b). See *id*. at 12, *reprinted in* U.S. Code Cong. & Admin. News, at 4202-4203.

[34] The legislative history of section 501(a) specifically indicated that "[n]othing in this subsection is intended to expand or to contract or to define whatever may be the applicable authorities and duties, including those conferred by the Constitution upon the Executive and Legislative branches." S. Rep. No. 730, 96th Cong., 2d Sess. 6 (1980), *reprinted in* 1980 U.S. Code Cong. & Admin. News 4192, 4196. Furthermore, the Senate Committee acknowledged that it was "uncertain" about the distribution of powers between the President and Congress in the national security and foreign policy area. See *id*. at 9, *reprinted in* 1980 U.S. Code Cong. & Admin. News, at 4199.

Conclusion

Section 501(b) of the National Security Act of 1947 must be interpreted in the light of section 501 as a whole and in light of the President's broad and independent constitutional authority to conduct foreign policy. The requirement that the President inform certain congressional committees "in a timely fashion" of a foreign intelligence operation as to which those committees were not given prior notice should be read to leave the President with discretion to postpone informing the committees until he determines that the success of the operation will not be jeopardized thereby. Because the recent contacts with elements of the Iranian government could reasonably have been thought to require the utmost secrecy, the President was justified in withholding section 501(b) notification during the ongoing effort to cultivate those individuals and seek their aid in promoting the interests of the United States.

---

[35] Section 502 of the National Security Act, 50 U.S.C. 414, generally limits the use of funds appropriated for intelligence activities to cases in which Congress has been given prior notice of the nature of the activities. Section 502(a)(2) allows expenditures when "in the case of funds from the Reserve for Contingencies of the Central Intelligence Agency and consistent with the provisions of section [501] concerning any significant anticipated intelligence activity, the Director of Central Intelligence has notified the appropriate congressional committees of the intent to make such funds available for such activity." This provision should be interpreted to allow the President to use funds from the Reserve for Contigencies in order to carry out operations for which he withholds notice in accord with section 501(b). Section 502(a)(2)'s specific reference to section 501 should be taken to give the President implicit authorization to withhold notification of the expenditure of funds just as he withholds notification of the operation itself: to read it otherwise would mean that section 502 had effectively, though impliedly, repealed section 501's acknowledgement of the President's independent constitutional authority.

It should be noted, however, that section 502(a)(2) is clumsily drafted; if read literally, it could be taken to suggest that Congress must always be notified in advance when funds appropriated for intelligence activities are to be used for covert operations. The Conference Committee commented on the language in question by noting that it did not expect situations to arise in which there would have to be prior notice under section 502 as to the funding of an activity that did not itself have to be reported under section 501; the Committee also indicated that if such a situation were to arise, it should be resolved in a spirit of "comity and mutual understanding." H.R. Conf. Rep. No. 373, 99th Cong., 1st Sess. 19 (1985), reprinted in 1985 U.S. Code Cong. & Admin. News 952, 961-962. Accord S. Rep. 79, 99th Cong., 1st Sess. 5 (1985). Similarly, the House Committee Report indicated that "the same event . . . can be treated in the same way under new Section 502(a) and Section 501. H.R. Rep. No. 106 (Part 1) 8 (1985), reprinted in 1985 U.S. Code Cong. & Admin. News 952, 954. This supports the reasoning outlined above.

Chas. J. Cooper

Charles J. Cooper
Assistant Attorney General
Office of Legal Counsel

EXHIBIT EM-71

UNCLASSIFIED

Extract from NSDD 159

NSDD 159

dated: January 18, 1985

Subject: COVERT ACTION POLICY APPROVAL AND COORDINATION PROCEDURES

Approval Procedures for Intelligence

1. Presidential Findings. The President shall approve all covert action Findings in writing. Under Section 662 of the Foreign Assistance Act of 1961, as amended, all covert actions undertaken by the Central Intelligence Agency must be authorized by a Presidential Finding that each such operation is important to US national security. E.O. 12333 and this Directive establish that covert actions (intelligence "special activities") undertaken by components other than CIA also require a Presidential Finding. Each covert action is also considered a significant anticipated intelligence activity under Section 501 of the National Security Act and is subject to certain Congressional reporting procedures. The Congressional reporting procedures for significant intelligence activities apply to all agencies of the intelligence community. Findings shall remain valid until formally cancelled. [redacted]

2. In accordance with Executive Order 12333, the Central Intelligence Agency shall conduct covert actions unless the President specifically designates another agency of the government. When the provision of substantial support by one government component to another is essential to the conduct of a covert action, indication of the extent and nature of that support shall be included as part of the Finding or Memorandum of Notification. However, the provision of routine support in the form of personnel, funds, equipment, supplies, transportation, training, logistics, and facilities by Government components other than CIA to support a covert action shall not in itself be considered a separate covert action by the supplying agency. ([redacted])

1048

Partially Declassified/Released on 5 June 1987
under provisions of E.O. 12356
by B. Reger, National Security Council

EXHIBIT
EM-71

UNCLASSIFIED

EXHIBIT EM-72

823

Memorandum

EXHIBIT
EM-72

82

Subject
Criminal Implications of
Arms Deal with Iran

Date

To
Gerald E. McDowell, Chief
Public Integrity Section
Criminal Division

From
Jo Ann Farrington
Special Assistant to the
Chief
Public Integrity Section

You asked me to make a quick survey of the statutes that had been mentioned in connection with the apparent trafficking in arms with Iran to offer my opinion as to whether there was any potential criminal conduct involved. My preliminary opinion, based on limited research, is that there probably is not, though it does appear that the arms shipments may have been illegal. The statutes involved do not, for the most part, carry any criminal penalties, and we have no information that any false information was conveyed to Congress (as opposed to failure to report at all).

1) The National Security Act, which has been most often cited in media reports, requires reports to Congress concerning intelligence activities. Even if this provision of arms to Iran were to be considered an "intelligence activity" (which it may be, since apparently the CIA was involved at some stage), there are no criminal provisions for failure to report, and the statute itself contains a broad loophole, permitting the President in "extraordinary circumstances" to forgo reporting the proposed activity beforehand, so long as he thereafter reports "in a timely fashion." Neither phrase is defined. 50 U.S.C. §413.

2) The War Powers Act was apparently cited by Attorney General Meese in a speech on the Iran shipments and criticized by him as a potential infringement on Presidential power. However, that Act governs procedures required when the President decides to use military force outside the United States - a situation that, so far as I know, is not involved here. In any event, again there are no criminal penalties; the only penalty appears to be that use of the armed forces must cease within a given period of time absent congressional approval. See, 50 U.S.C. § 1541 et seq.

3) Because these particular overtures to Iran apparently involved arms, statutes governing arms shipments come into play,

and there are a number of these. If the arms were given to Iran, their provision would presumably be governed by 22 U.S.C. §2301 et seq., governing military assistance and sales. If so, there are numerous requirements under that statute requiring certain human rights findings, reports to Congress, agreements as to use of the weapons for defense purposes only, etc., all of which I will assume for these purposes were ignored. See, specifically, 22 U.S.C. § 2318, requiring notification to Congress in the event of an unforeseen emergency requiring provision of arms to a country not otherwise qualified under the statute. Nevertheless, there is no criminal penalty prescribed.

4) Title 22, Chapter 39, governs arms export control, if the arms were sold to Iran. Again, there are various requirements that must be met before a country is eligible for sale of arms, and a report to Congress of all proposed sales is required. Section 2778 gives the President the power to control the export of defense articles, and requires the licensing of every person other than an officer or employee of the United States Government acting in an official capacity who exports arms. There is a criminal penalty attached to violations of this requirement, 22 U.S.C. §2778(c), but so far as we know so far, nobody in this matter was acting except in an official capacity on behalf of the United States.

5) 18 U.S.C. §921 et seq are the criminal penalties governing sales and transport of firearms. The scenario as I understand it would involve only official conduct, however, which is privileged, just as it would be in an undercover operation.

EXHIBIT EM-73

UNCLASSIFIED

EXHIBIT
EM-73

. . .

ROUTING AND TRANSMITTAL SLIP Date

TO: (Name, office symbol, room number, building, Agency/Post)	Initials	Date
1.		
2.		
3.		
4.		
5.		

	Action		File		Note and Return
	Approval		For Clearance		Per Conversation
	As Requested		For Correction		Prepare Reply
	Circulate		For Your Information		See Me
	Comment		Investigate		Signature
	Coordination		Justify		

REMARKS

~~3/26/86 spoke to Tillman—~~
~~AUSA not back yet from N.O.~~

file - Contra folder.

Partially Declassified/Released on 27 July 1987
under provisions of E.O. 12356
by B. Reger, National Security Council

DO NOT use this form as a RECORD of approvals, concurrences, disposals, clearances, and similar actions

FROM: (Name, org. symbol, Agency/Post)	Room No.—Bldg.
	Phone No.

5041-102
☆ GPO : 1985 O - 461-274 (435)

OPTIONAL FORM 41 (Rev. 7-76)
Prescribed by GSA
FPMR (41 CFR) 101-11.206

UNCLASSIFIED

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ROUTING AND TRANSMITTAL SLIP

Date 3/24/86

TO: (Name, office symbol, room number, building, Agency/Post)	Initials	Date
1. MARK RICHARD		
2.		
3.		
4.		
5.		

☐	Action	☐	File	☐	Note and Return
☐	Approval	☐	For Clearance	☐	Per Conversation
☐	As Requested	☐	For Correction	☐	[✓ Prepare Reply]
☐	Circulate	☐	For Your Information	☑	[✓ See Me]
☐	Comment	☐	Investigate	☐	Signature
☒	Coordination	☐	Justify		

REMARKS

PLEASE GET ON TOP OF THIS. D.O.J. IS GIVING A HEADS UP TO THE N.S.C. HE WOULD LIKE US TO WATCH OVER IT.

CALL KELLNER, FIND OUT WHAT IS UP, AND ADVISE HIM THAT DECISIONS SHOULD BE RUN BY YOU.

DO NOT use this form as a RECORD of approvals, concurrences, disposals, clearances, and similar actions

FROM: (Name, org. symbol, Agency/Post)	Room No.—Bldg.
STEPHEN S. TROTT ASSISTANT ATTORNEY GENERAL CRIMINAL DIVISION	Phone No.

5041-102

OPTIONAL FORM 41 (Rev. 7-76)
Prescribed by GSA
FPMR (41 CFR) 101-11.206

☆ GPO : 1985 O - 461-274 (403)

UNCLASSIFIED

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~~SECRET~~

The Deputy Attorney General March 20, 1966

Oliver B. Revell
Executive Assistant Director
Investigations

[redacted]

NEUTRALITY MATTERS -

INFORMATION MEMORANDUM

The entire contents of this memorandum are classified "Secret."

[redacted]

~~SECRET~~

Classified By G-3
Declassify On: OADR

UNCLASSIFIED

1579

UNCLASSIFIED

Rest of
Document

(4pp)

Deleted in its
Entirety

Exhibit EM-74

as of 4:20 p.m.
3 January 1986

THE ATTORNEY GENERAL

EM000780

Schedule for: Monday, 6 January 1986

TIME		SUBJECT/VISITOR	LOCATION	PER
7:00		Depart Residence		
7:30		TKC		
8:10		DLJ/AIB/WBR/TKC/SHG		2(
8:30		Chair Staff Meeting	AG Conference Room	3(
9:00		Civil Litigating Heads (TAB A)	AG Conference Room	3(
9:30		Desk Time		75
10:15		THE DLJ/TKC/Cooper/Gerson/Randsau		
10:30 10:45		Depart for White House		
11:00	RR	NSC Meeting	Cabinet Room	6C
12:00		Return to Justice		
12:25		Photo Ops for Merrill Hartson ~~Joseph Kopka~~ (TAB B)	Conference Room	15
12:30		Lunch w/ DLJ/WBR/AIB/CF/WW/TKC	AG Dining Room	90
2:00		MAM/[illegible] re: Schedules		30
2:30		Administrative Time		30
3:00		Personal/Desk Time		1 3/4
3:45		[illegible]/DLJ/Oliver North 4:15		30
4:15		✓Bob Wallach		30
4:45 ~~[illegible]~~		Colonel Tom Johnson		15
5:00		~~(I) Judicial Selection Prep Meeting~~	Conference Room	30
5:15		Dep to Sheraton. Carlton		
5:30		~~HOLD~~ HAIRCUT		60
6:10		Rtn ~~Residence~~ Office		
~~6:30~~		~~Depart for Residence~~		
		TKC THE		
6:45		Rtn to Residence		

EXHIBIT
EM-74

EXHIBIT EM-75

have passed along to the appropriate people positions on these issues

THE AGENCY FOR ACTION

AMERICANS FOR HUMAN RIGHTS & SOCIAL JUSTICE, INC.

P. O. Drawer 6258, Fort Worth, Texas 76115
Philip Mabry, Chairman • R. D. Pearce, Vice Chairman

Mr. Edwin Meese
Counselor To The President
1600 Pennsylvania Ave.
Washington, D.C. 20500

21 October 1983

Dear Mr. Meese;

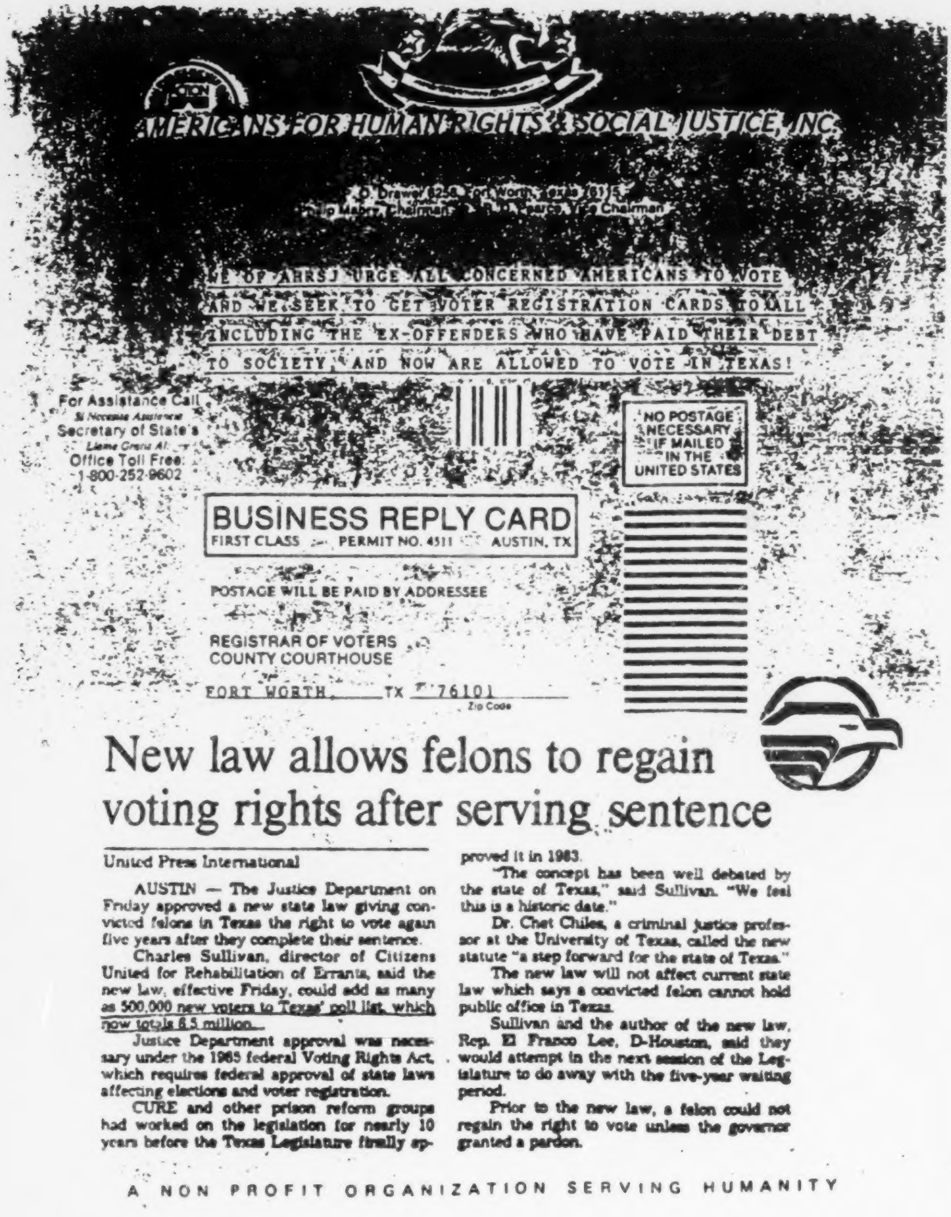
Herein please find information that I would appreciate your opinion and that of President Reagan, these are matters of concern to all conservative thinking Americans, in the past weeks I have sent you letters but as yet received no reply. Your consideration is very much appreciated.

Sincerely,

Philip Mabry,
National Chairman
AHRSJ, Inc.

EXHIBIT
EM-75

A NON PROFIT ORGANIZATION SERVING HUMANITY



AMERICANS FOR HUMAN RIGHTS & SOCIAL JUSTICE, INC.

O. Drawer 62[illegible]8, Fort Worth, Texas 761[illegible]5
Philip Mabry, Chairman [illegible] Pearce, Vice Chairman

WE OF AHRSJ URGE ALL CONCERNED AMERICANS TO VOTE AND WE SEEK TO GET VOTER REGISTRATION CARDS TO ALL INCLUDING THE EX-OFFENDERS WHO HAVE PAID THEIR DEBT TO SOCIETY, AND NOW ARE ALLOWED TO VOTE IN TEXAS!

For Assistance Call
Si Necesita Asistencia
Secretary of State's
Llame Gratis Al
Office Toll Free:
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NO POSTAGE NECESSARY IF MAILED IN THE UNITED STATES

BUSINESS REPLY CARD
FIRST CLASS PERMIT NO. 4511 AUSTIN, TX

POSTAGE WILL BE PAID BY ADDRESSEE

REGISTRAR OF VOTERS
COUNTY COURTHOUSE
FORT WORTH, TX 76101
Zip Code

New law allows felons to regain voting rights after serving sentence

United Press International

AUSTIN — The Justice Department on Friday approved a new state law giving convicted felons in Texas the right to vote again five years after they complete their sentence.

Charles Sullivan, director of Citizens United for Rehabilitation of Errants, said the new law, effective Friday, could add as many as 500,000 new voters to Texas' poll list, which now totals 8.5 million.

Justice Department approval was necessary under the 1965 federal Voting Rights Act, which requires federal approval of state laws affecting elections and voter registration.

CURE and other prison reform groups had worked on the legislation for nearly 10 years before the Texas Legislature finally approved it in 1983.

"The concept has been well debated by the state of Texas," said Sullivan. "We feel this is a historic date."

Dr. Chet Chiles, a criminal justice professor at the University of Texas, called the new statute "a step forward for the state of Texas."

The new law will not affect current state law which says a convicted felon cannot hold public office in Texas.

Sullivan and the author of the new law, Rep. El Franco Lee, D-Houston, said they would attempt in the next session of the Legislature to do away with the five-year waiting period.

Prior to the new law, a felon could not regain the right to vote unless the governor granted a pardon.

A NON PROFIT ORGANIZATION SERVING HUMANITY

AMERICANS FOR HUMAN RIGHTS & SOCIAL JUSTICE, INC.

P. O. Drawer 6258, Fort Worth, Texas 76115
Philip Mabry, Chairman • R. D. Pearce, Vice Chairman

The public is entitled to see files on King

VIENNA, Va. — Why is there no media outcry demanding the release of the FBI surveillance records on Martin Luther King, which were judicially sealed in 1977 by joint agreement of the Southern Christian Leadership Conference and Jimmy Carter's Justice Department?

The media demanded to know everything about Richard Nixon and Watergate. They went to extraordinary lengths to learn everything about President Reagan's access to Jimmy Carter's debate briefing book.

But when it comes to sharing facts about the reportedly Soviet-funded operatives who were influential with Dr. King and his Southern Christian Leadership Conference, there is a conspiracy of silence.

Is it simple hypocrisy, or is there a conflict of interest?

When commentator George Will was found to have given political advice to candidate Ronald Reagan, his colleagues insisted on full disclosure. Why haven't those same journalists asked Bill Moyers of CBS-TV to disclose his memorandum to President Lyndon Johnson, which manifests grave concern about national security implications of King's activities?

I can understand why Andrew Young, as an official of the Carter administration and the Southern Christian Leadership Conference, wanted the Justice Department to close the books on the SCLC's Communist Party ties.

Even now, the SCLC's communist ties are strong. SCLC

Howard Phillips is chairman of The Conservative Caucus.

President Joseph Lowery gave a speech to the World Peace Assembly, funded with $45 million by the Communist Party Central Committee of the Soviet Union.

But why is the Justice Department committed to concealing facts that bear heavily on whether Dr. King ought to be singled out as the only American outside of presidents in our 207-year history to be the subject of a national holiday and the object of official veneration?

Given the president's decision, for admittedly political reasons, to endorse the King holiday, it could prove embarrassing to him if the American people learned too much about the reasons why J. Edgar Hoover regarded King and his associates as a threat to U.S. national security.

And, of course, those members of Congress who saw a chance to win black votes for the King holiday want to cut their losses by putting a lid on the King debate as quickly as possible.

But the essence of this dispute is not political. Generations of American school children yet unborn — still denied the classroom opportunity to recognize, in prayer, the sovereignty of God — will be guided in official worship at the secular altar of Martin Luther King. American parents have a right to know, now, what their children will be celebrating.

OPINION

YOUR SUPPORT & LETTERS NEEDED
TO LIFT THE MEDIA CONSPIRACY OF
SILENCE ON KING F.B.I. RECORDS!

AMERICAN TAXPAYERS WHO ARE EXPECTED TO PAY FOR THIS M.L.KING HOLIDAY IN 1986 DEMAND TO KNOW WHY THE NATIONAL NEWS MEDIA IS NOT MAKING THEIR USUAL OUTCRY FOR THE RELEASE OF F.B.I.FILES ON THE NEGRO M.L. KING.
THE MEDIA DEMANDED TO KNOW EVERYTHING ABOUT PRESIDENT NIXON & WATERGATE!.

AND HERE WE HAVE A NEGRO,M.L. KING THAT ASSOCIATED WITH COMMUNISTS AND PRACTICED AN "ACTION ORIENTED MARXISM"

EVEN NOW HIS GROUP,S.C.L.C.COMMUNIST

TIES ARE STRONG-SCLC PRESIDENT JOSEPH LOWERY GAVE A SPEECH TO THE WORLD PEACE ASSEMBLY, FUNDED WITH $45 MILLION BY THE COMMUNIST PARTY CENTRAL COMMITTEE!

FORMER F.B.I.DIRECTOR HOOVER REGARDED M.L.KING AND HIS ASSOCIATES AS A THREAT TO UNITED STATES NATIONAL SECURITY!

THIS MAKES KING UNDESERVING OF ANY TYPE U.S. NATIONAL HOLIDAY AT THE COST OF A
WHO BELIEVE IN AMERICA AND FREEDOM!

WILL YOU SUPPORT A COMMUNIST HOLIDAY??

SEND YOUR PROTEST LETTER TO THE MEDIA OVER THEIR SILENCE TO INFORM THE PUBLI
AND LETS ALL VOTE THOSE OUT OF OFFICE IN 1984 THAT SUPPORTED THIS KING BILL.

IT'S TIME WE STAND UP FOR WHAT IS RIGH
IN AMERICA!
WHILE WE CAN,LET OUR VOICE BE HEARD!

SEND US YOUR LETTERS OF SUPPORT TODAY!

A NON PROFIT ORGANIZATION SERVING HUMANITY

Churches defy law, offer help to aliens

Haven offered to aliens

Churches defy law for ideals

By BRIAN HOWARD
Star-Telegram Writer

Two Dallas churches on Thursday became the first in Texas to publicly offer illegal sanctuary to Central American refugees, and a host of organizations and people, including several from Tarrant County, immediately endorsed the step.

Holy Cross Catholic Church and the Dallas Monthly Meeting of Friends (Quakers) announced that they are joining a nationwide movement that provides shelter and other aid for refugees from El Salvador and Guatemala, even though church members will violate federal laws and risk jail terms and fines.

"We feel that we are called to welcome them in the name of our country, which once was proud that it welcomed the oppressed," the Rev. Timothy Gollob, pastor of Holy Cross, said at a news conference at his church. "We do this in the hope that our government will change its attitude toward these people and give them official legal status. In the meantime, we will help them with our shelter and our goods."

Among those endorsing the sanctuary offers were the Peace and Justice Commission of the Catholic Diocese of Fort Worth, the Fort Worth Inter-Religious Task Force on Central America and the Arlington Unitarian Universalist Church.

"We believe that our law is immoral and unjust," said Diane McDonald, coordinator of Fort Worth's 20-member ecumenical task force on Central America. "We believe that we must do something to stop the holocaust that's going on in Central America."

The U.S. Immigration and Naturalization Service generally regards people fleeing El Salvador and Guatemala as economic refugees who are not eligible for political asylum, but church members say the people face possible torture and death if they are forced to return to their strife-torn countries.

"The bottom line of the law is to protect human beings," Linda Hajek of Holy Cross said. "We see this gesture as trying to protect human beings. If it ends up being a challenge (to the immigration service), that's not our intent."

Church members, working under the umbrella Dallas Inter-Religious Task Force on Central America, have been helping refugees for some time, Hajek said. Thursday's announcement was designed to encourage others to follow suit, she said.

McDonald said her organization is trying to educate churches on the issue, but she said she knows of none in Fort Worth that is close to joining the sanctuary movement.

Since the movement began in Tucson, Ariz., on Feb. 24, 1982, about 75 churches have joined, and supporters estimate that it is growing by one church per month.

An immigration service spokesman said the agency will continue its policy of not raiding churches or homes to try to capture illegal aliens.

"We're aware of it, and we think it's unfortunate that they decided to take a route outside the law," Duke Austin, an agency spokesman in Washington, D.C., said of the Dallas churches' decision. "That's not to say if we run across these people in our normal efforts that they would be treated any differently."

The maximum federal punishment for harboring an illegal alien is a $5,000 fine or five years in jail.

"The risk to us seems very minimal in relation to the risk that these people (refugees) run if they are deported," Hajek said.

Ron Wilhelm, associate director of a Dallas refugee-aid project, estimates that the refugees number 2,000 to 5,000 in the Fort Worth-Dallas area, 20,000 in Texas and more than half a million in the United States.

Hajek said refugees who have exhausted the legal process of seeking asylum will be given priority at the churches.

Although Thursday's news conference included a masked Salvadoran refugee who read a statement citing atrocities in his country and thanking the churches, Hajek said another "public event" will be planned when the churches begin harboring their first official refugee.

She said the churches might be able to handle about 20 refugees at first. The people eventually will be moved "to a safer place," she said.

such as Canada, where immigration policies are more liberal than those of the United States.

Holy Cross began considering the step last March, and after months of discussions and sermons, about 70 percent of the congregation voted to offer sanctuary, Hajek said.

Some who opposed it may leave the church, she acknowledged.

The Dallas Catholic Diocese is not involved in the project, but Bishop Thomas Tschoepe knew of it and gave his consent.

"A lot of things that are illegal are right," Tschoepe said. "It's a matter of helping people in need."

Bishop Joseph Delaney of the Fort Worth Diocese declined to comment.

STOP IMMIGRATION
& FOREIGN STUDENTS
SAVE YOUR JOB

AHRSJ DOES NOT AGREE WITH
CHURCHES VIOLATING THE LAW!

WE HAVE MORE THAN ENOUGH
ALIENS IN TEXAS AS IT IS!

ILLEGAL SANCTUARY OF ALIENS

BY ANYONE IS THE U.S. LAW,

ANYONE HARBORING AN ALIEN

SHOULD BE PUNISHED TO THE

MAXIMUM 5 YEARS IN JAIL!!

✦ ✦ ✦ ✦

IF YOU BELIEVE IN JUSTICE
AND LAW & ORDER..WRITE TO
THE PRESIDENT
1600 PENNSYLVANIA AVE.
WASHINGTON, D.C. 20500

AND VOICE YOUR CONCERN TO
THIS VIOLATION OF THE LAW!

STOP ILLEGAL ALIENS, AND
SAVE AMERICAN JOBS!!

THE AGENCY FOR ACTION

AM[illegible]CANS FOR HUMAN RIGHTS & SOCIAL [illegible]TICE, INC.

EXHIBIT EM-76

15 November 1983

COPY

Dear Mr. Mabry:

Thank you for your recent correspondence and for sending me information about your organization, which I have passed along to the appropriate people working on these issues.

Your thoughtfulness is appreciated, and I am most grateful for the time you have taken to write.

With best wishes,

Sincerely,

EDWIN MEESE III
Counsellor to the President

Mr. Philip Mabry
National Chairman
Americans for Human Rights
& Social Justice, Inc.
Post Office Drawer 6258
Fort Worth, TX 76115

EM/NH/efrf
EM-28

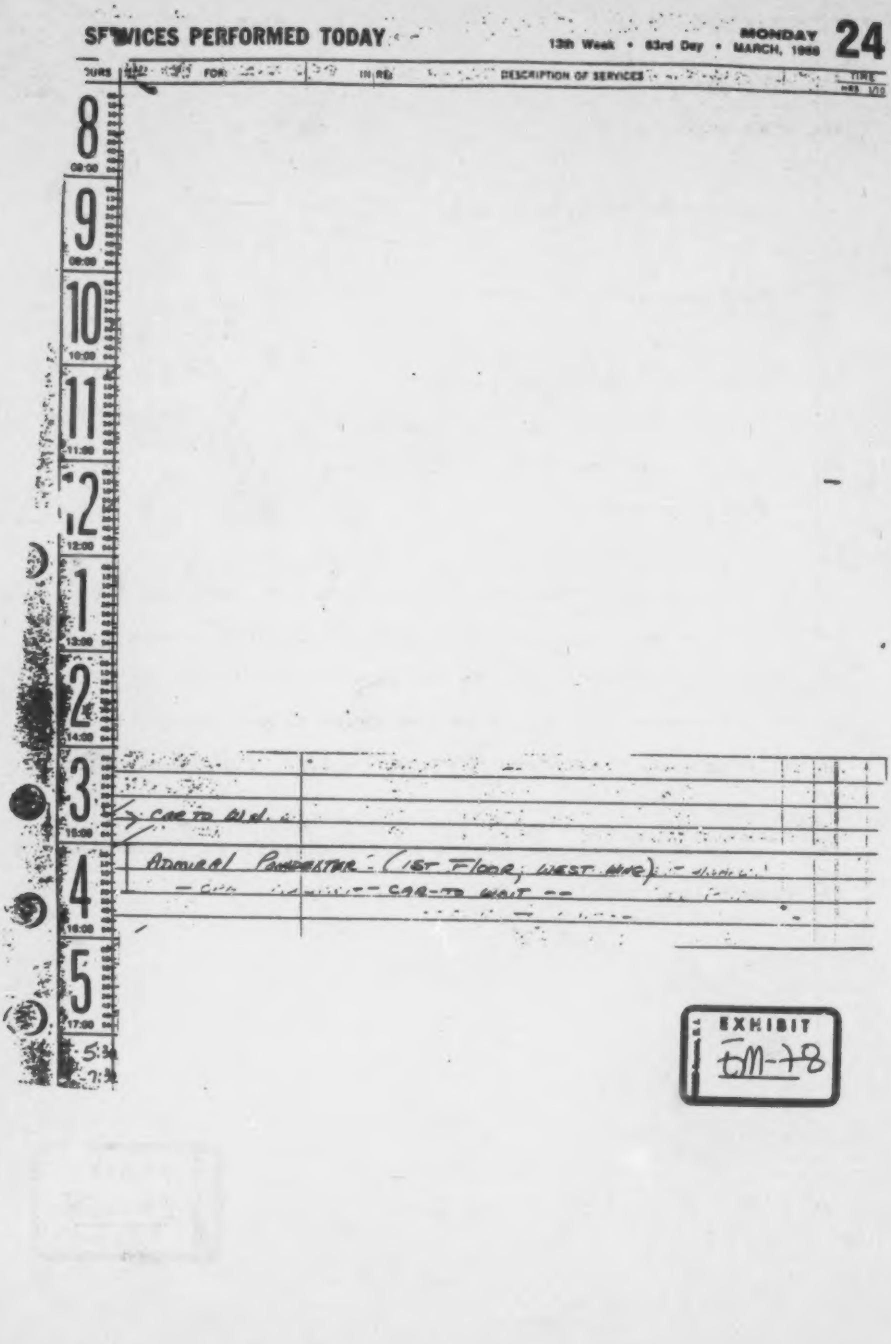
EXHIBIT
EM-76

EXHIBIT EM-77

EXHIBIT
EM-77

TIME	ME/ORGANIZATION	PHONE #	MESSAGE 6 January 1986 CMI
12:25	Oliver North	395-3345	He spoke with Mr. Meese and they are to have a meeting this afternoon with Admiral Poindexter.
4:13	Bill Casey		Pls. call. EM tried at 4:28pm LW.

EXHIBIT EM-78



SERVICES PERFORMED TODAY

13th Week • 83rd Day • MONDAY MARCH, 1986 **24**

HOURS | FOR: | IN RE: | DESCRIPTION OF SERVICES | TIME HRS 1/10

8 08:00
9 09:00
10 10:00
11 11:00
12 12:00
1 13:00
2 14:00
3 15:00

→ CAR TO [illegible]

4 16:00

ADMIRAL POINDEXTER – (1ST FLOOR; WEST WING) – [illegible]

– [illegible] – CAR – TO WAIT – –

5 17:00
5:30
7:30

EXHIBIT
EM-78

EXHIBIT EM-79

RPTS MAZUR
DCMN DONOCK

DEPOSITION OF WILLIAM WELD

Thursday, July 16, 1987

House of Representatives,
Select Committee on Investigate
Covert Arms Transactions with Iran,
Washington, D.C.

The select committee met, pursuant to call, at 2:00 p.m., in Room B-352, Rayburn House Office Building, Pamela J. Naughton [Staff Counsel to the select committee] presiding.

Present: On behalf of the House Select Committee: Pamela J. Naughton, Staff Counsel; and Ken Buck, Assistant Minority Counsel.

On behalf of the Senate Select Committee: Thomas McGough, Associate Counsel.

EXHIBIT
EM-79

MS. NAUGHTON: Okay. We are on the record.

It is a deposition of William Weld, and the witness has already been sworn. I am Pamela J. Naughton, Staff Counsel to the House Select Committee to Investigate Covert Arms Transactions With Iran.

Will the people present around the table introduce themselves?

MR. McGOUGH: I am Tom McGough, Associate Counsel with the Select Committee.

MR. BUCK: Ken Buck, Assistant Minority Counsel for the House Committee.

THE WITNESS: William Weld, Assistant Attorney General, Criminal Division, Justice Department.

Whereupon,

WILLIAM WELD

was called for as a witness and, having been previously duly sworn, was examined and testified further as follows:

EXAMINATION ON BEHALF OF THE HOUSE SELECT COMMITTEE

BY MS. NAUGHTON:

Q Mr. Weld, when did you become the Assistant Attorney General for the Criminal Division?

A September 15 or 16, 1986.

Q And before that, you were?

A From November 1, 1981 until September 15, 1986, I was under United States Attorney for the District of

Massachusetts with my duty station in Boston, Massachusetts.

. Q Prior to your becoming U.S. Attorney, did you have experience in criminal law enforcement?

. A Not much. I had been for 10 years with a Boston law firm, Hill and Barlow, where I was a litigation partner. I had a total of three or four criminal defense cases that I had taken on referral from the Public Defender. I had nine months of working on the Watergate impeachment matter in 1973 for--I was Associate Minority Counsel for the House Judiciary Committee on the impeachment inquiry.

. I had taken six months off to run for Attorney General of the State of Massachusetts in 1978, and I had been a judicial law clerk for the Supreme Judicial Court of Massachusetts, where most of the business was criminal, but by no means all of it.

. Q And I gather in your capacity as U.S. Attorney, you have supervised probably hundreds of criminal prosecutions?

. A Thousands, yes.

. Q Okay.

. Now, I want to address the issue of the Iranian arms sales. In early November, around the 3rd or 4th, newspaper stories started breaking regarding the sale of Israeli--excuse me; of American-made arms to Iran. Do you recall when you first heard of that?

. A Oh, I probably read about it at the time the stories were first published. I think the first time I became engaged with respect to the matter was in dealing with the Evans case that was pending in New York City, and upon reviewing my records, it looks to me as though that was November 10, 11, 12, that year.

. Q Prior to reading about it in the newspapers, did you have any knowledge of the U.S. participation in arms sales to Iran?

. A I don't believe so, no.

. Q Okay. Can you tell us what your involvement was then, and with the Evans case, beginning on or before November 10 of 1986?

. A Yes. That was a case pending against one Samuel Evans, an American lawyer, and others for violating the export control laws by conspiring to have weapons go to Iran, and as I learned in November, one of the defenses offered by the person scheduled to go to trial was that they believed they were acting in a manner authorized by the United States Government.

. Q Excuse me. Was this a defense that was recently posed after the public revelations or is this a defense that they had been asserting prior to the first week of November?

. A I believe it is a defense they have been asserting prior to the first week in November.

. Q Okay, please continue.

. A At any rate, the public statements concerning alleged official American sales of arms to Iran obviously raised questions in the mind of Judge Sand, among others, who had the case in New York, as to what the full story was, so the attorneys from the Southern District of New York called down to the Criminal Division, specifically Deputy Assistant AG Mark Richard and also myself; I became involved for some help in giving themselves comfort that they could make a representation to the court that the actions by the defendant in the Evans case were not officially sanctioned.

. The line attorney to the case was a woman named Lorna Schofield, and I believe I dealt also with Denny Young--Denison Young, and Benito Romano, who were in a supervisory capacity in that office.

. I can't remember whether I first heard of this from Mark Richard or from some other source, but I remember carrying the message upstairs--I think perhaps to a daily morning staff meeting, saying in effect, ''Hey, we need--we need to give an answer to Judge Sand. We had a draft opposition that New York proposes to file, but, you know, we have got to make sure that when we say there was no government involvement here, or this was not even capable of a type of activity authorized by the government, we have got to make sure when we say those things, that they are accurate,'' so I carried that message upstairs.

. Q Okay.

. Was there any sort of affidavit or declaration to appear, or was this simply to be a statement deposed in the motion papers?

. A I think it was in a motion paper. I do recall that there was a document that I was working off at some time, and I think it was--you have it. I saw it when we did my interview. I think it was in the nature of a representation in a motion paper.

. Q Okay. And they are looking to Main Justice for confirmation of that position; is that correct?

. A Yes. They sent down a draft, and I think the first draft I saw said something such as, well, the events discussed by President Reagan at his recent news conference of no connection with the events at issue in case--something broad and conclusory like that.

. I was not terribly comfortable with that language. I mean, how would the author of that memorandum know that? I think Mark Richard felt the same way, so our theme was more homework has to be done here.

. Q Did the Evans at all involve Adnan Khashoggi?

. A I think that Sam Evans used to represent Adnan Khashoggi, although I am not positive about that. I think, yes, his name definitely came up in that case. He was not a named defendant--I don't think, but I recall the names

Khashoggi and De la Rocque both being associated with Evans and Evans' defense.

. Q Were there any other shall I say common denominators between the Evans case and what you know of the U.S. Government Iran initiative?

. A I should say that I am no expert on the U.S. Government Iran initiative, but one topic that came up quickly was the type of materiel being shipped to Iran. There were TOW missiles, HAWK missiles, F-14 spare parts, night vision equipment and something else that I can't remember--with the five categories involved in the Evans case, and I remember asking early on, well, you know, were these involved in the shipments to Iran, and I recall Mr. Meese saying at one point, ''No, only one or possibly at most two of those things are common--'' so there was some common link, I believe, in the type of equipment shipped to Iran.

. Q Okay.

. A Again, as far as I am concerned, this is allegedly in both cases.

. Q Sure. Did you take this eventually to the attention of the Attorney General?

. A Yes.

. Q Do you recall when?

. A Well, it got quite quickly to the attention of the

Attorney General. I--I believe I must have raised it at an 8:30 staff meeting, because during that week, between November 10 and November 17, the Attorney General essentially undertook to supply the information which would be necessary for the motion papers in the New York case, or to perform due diligence work, if you will.

. Q Prior to this, do you know whether or not the Attorney General undertook to ask Admiral Poindexter whether or not the arms sales that were in the Evans case were sanctioned? In other words, did he do this in the summer or early fall of 1986?

. A I have no knowledge about that. After--you know, one or two meetings with the Attorney General on the Evans moving papers, I said, look, how can we be sure about this, and I was talking with--with him and Ken Cribb, C-r-i-b-b--and either Ken or the Attorney General suggested that the matter be run past the Assistant to the President for National Security Affairs, who is Mr. Poindexter.

. Q Okay.

. A And if you look at the drafts of the moving papers or affidavit, whatever it is, that I was working off of, you will see on one of them that there is inserted in my handwriting the words, ''and after consultation with the Assistant to the President for National Security Affairs.'' That was done at a sitdown I had with Ken and the AG one morning, at which Ken mentioned that the language in the moving papers had been, ''fly-specked past Poindexter,'' meaning as I understand that reviewed in detail.

. Q Who had done this?

. A The AG was my understanding.

. Q Was there any discussion at that time of the Attorney General doing this on his own?

. A Having done it earlier?

. Q Yes.

. A No.

. Q Okay.

. What about at this particular time? Was there any discussion when he said we should go to Poindexter as to who should do that?

. A Gee, I have always thought the AG did it personally.

. Q Oh, I am not indicating any knowledge to the contrary. What I am saying is, did the Attorney General say, ''I will do this myself'' or did he say maybe someone else should do it, or was there a discussion of who should do it?

. A I think he never took to do it himself. There was one meeting where he said he would do it, and then this morning meeting with him and Ken Cribb was a later meeting where I learned that it had been done, and that is when I wrote in my copy of the moving papers which I later sent up to John Richardson, I think on November 17, you know, after checking with Poindexter.

. Q Okay.

. Do you know when that went out to the Southern District of New York?

. A No.

. Q Was it shortly after you sent it up to Mr. Richardson?

. A I don't know. I would think so.

. Q For the record--

. A It would have gone out presumably from Mark Richard, not from John Richardson. I would think in the ordinary course, I would have been sending it to John Richardson for clearance, and then the Internal Security Section or Deputy Assistant AG, Mark Richard or whoever was directly in contact with Denny Young or Benito Romano or Lorna Schofield would have sent it up. I could be wrong. Maybe it went from Richardson.

. Q At any rate, you did not send it to New York?

. A That is right.

. Q Was this a Customs case?

. A Yes. I kept forgetting that, but Customs was the investigative agency.

. Q Okay. And did you discuss this language with Customs?

. A No.

. Q Okay.

. Now, at this time, of course, there were revelations of the U.S. initiative with Iran in the arms sales. Was this--let's say prior to the November 17--was this a subject of discussion at any of the staff meetings?

. A Yes.

. Q Can you give us a flavor of what those discussions were?

. A Well, the thing I remember is a discussion about who should deal with the press concerning inquiries regarding Iran--because Juliani's office in New York, among others, was getting questions about whether the activities under indictment had actually been sanctioned by the government, and his was only one of a dozen or more Iran arms cases pending around the country.

. I remember the Attorney General suggesting that when it comes to questions concerning Iran, that no comment should be made by the field.

. Q And what was decided regarding how those press inquiries would be handled at Main Justice?

. A Oh, I assume they went to Terry Eastland as per usual, Terry Eastland being the Press Secretary.

. Q Okay.

. Were there any discussions of the substance of the facts surrounding the arms sales?

A Well, there was some discussion at the morning meeting on Friday, November 21st, concerning statements being made to Congress and whether they hung together, that sort of thing.

Q Okay. Prior to that, though, in the staff meetings was there discussion of the substantive facts revolving around the Iranian arms sales as they were coming out?

A My impression is that that was closely held, and that there was no discussion of what was going on with the Iranian arms sales.

Q Okay.

Were you aware of Assistant Attorney General Cooper's activities in trying to find the facts and apply the law?

A No.

Q Okay. Do you know whether or not anyone in the Criminal Division was aware of that?

A I would be reasonably sure that no one was.

Q Okay. So, his activities prior to November 20, let's say, were not discussed in any staff meetings of any kind that you can recall; is that correct?

A RIght. There's an 8:10 a.m. and an 8:30 a.m. every day. I go to the 8:30. I don't go to the 8:10. I can't speak to the 8:10.

. Q Okay, in the 8:30 meetings, then, you don't recall that being--

. A I am pretty clear that was not discussed.

. Q Okay.

. By the way--strike that.

. Okay, now, as to November 21, you attended the 8:30 meeting.

. A Yes.

. Q Okay. And did the subject of the Iranian arms sales come up?

. A Yes. I believe the Evans case came up, and I recall saying that I wasn't sure it was such a good idea for the Criminal Division and the FBI not to be involved in the process of researching the government to be able to make representation to the court as to--you know, what was in accordance with official policy and what wasn't.

. Q Okay.

. When you say in researching the government, you mean the U.S.-Iran initiative arms sales as opposed to the Evans arms sales?

. A Right.

. Q To see whether or not there was--

. A My point was in order to make a representation to the court, you have to have somebody who knows all the facts of the Evans case and all the facts of the U.S. arms sales, and that it didn't make sense for very high-ranking officials to be researching the U.S. Government side of the case unless they were intimately familiar with the Evans side of the case as well.

. Q Okay.

. Why did you suggest the Criminal Division in the FBI to do this?

. A Well, you know, I think this is--I think this is one of those times when I forgot that Customs had the Evans case. I was thinking the AUSA, the agents on the case, maybe someone from Internal Security, Joe Tafe, who was already serving as a liaison on that case.

. Q And for the record, the Internal Security Section is part of the Criminal Division?

. A It is part of the Criminal Division, yes.

. Q So, basically people who were familiar with the general facts of Iranian arms sales to begin to look into the--the U.S. initiative regarding sales of weapons to Iran.

. A Right, in order to be able to answer the defense motions.

. Q All right.

. A And when I said Criminal Division and FBI, I think what I really mean is attorneys and agents. Some of the Iran arms cases around the country are FBI cases, and some are Customs.

. Q Okay.

. When you--I take it that you were the one who mentioned this at the meeting; is that correct?

. A Yes.

. Q All right. And when you said that, what was the response?

. A People were surprised, because I--this was a new topic I was raising, and I raised it with some feeling, and I remember Mr. Trott looking at me with what I thought surprise.

. I am not certain whether Mr. Burns was there as well. I think he was. I am certain that Mr. Meese was not.

. Q Okay.

. MR. McGOUGH: You are certain about Mr. Meese was not at the meeting?

. THE WITNESS: He was not at the Friday, November 21st, 8:30.

. BY MS. NAUGHTON:

. Q Was Mr. Reynolds there?

. A Yes, definitely.

. Q And Mr. Cooper?

. A Yes.

. Q And you mentioned Mr. Trott and Mr. Burns. Was there anyone else there that you can recall?

. A Oh, there was a full table, because I was sitting down at the very end, so there would have been 10 people there anyway.

Q Okay.

A The people who customarily attended that meeting, although I don't recall anyone except for Trott, Reynolds and Cooper definitely being there, but the people who usually attended would include Terry Eastland, John Bolton, who is the Legislative Assistant AG; Steve Markman, who was at the Office of Legal Policy--

Q Does Kathy Appleyard usually sit in on those as well?

A She has been for a number of months. I am not certain whether that was the practice in November. I would say no. Also, although I never thought about it before, I tend to think she is there only when the AG is there.

Q Okay.

Was Mr. Richardson or Mr. Cribb there?

A Could have been--yeah, I should add them to the list of customary attendees.

MR. McGOUGH: Mr. Habicht?

THE WITNESS: No, he is not a customary attendee, although he sometimes does if there is a matter involving the Lands Division.

BY MS. NAUGHTON:

Q Okay. Do you recall, was Mr. Cooper there throughout or did he come late or--

A You know, I don't recall that. The reason I say Brad Reynolds and Chuck Cooper were there is I recall talking to them at the conclusion of the meeting. I have read recently in the press that Mr. Cooper was at an 8 a.m. meeting at the CIA on that day, and I am trying to think if I am crazy for remembering that, but I think he and Brad were there at least at the conclusion.

Conversely, it is conceivable that Mr. Meese had been there early, and then left, but he wasn't there when I made my statement about the Criminal Division and the FBI.

Q Mr. Cooper did testify he did not spend a great deal of time at the CIA that morning. Do you have any recollection how long the whole meeting took?

A They usually break up around 9:00.

Q Okay.

A But they sometimes go as late as 9:20.

Q Okay.

You stated that you expressed your feelings rather strongly. Can you give us a sense of what you said?

A My exact words, as best I can recall, were I am not sure it makes very much sense for the Criminal Division and the FBI not to be involved in this.

Q Um-hum. Did you also make any comments regarding the Attorney General being used as a fact-gatherer?

. A I had discussed that with Mark Richard downstairs that I could not see the wisdom of that. I cannot now recall whether I said that at that morning meeting, but if I so stated at my interview, then--

. Q My notes indicated you referred to that the Attorney General should not be a gumshoe--

. A Okay; that sounds like me.

. Q --was what I wrote down.

. A That sounds like me.

. Q Okay.

. A I don't now recall saying that at that meeting. I certainly said that in conversation with Mark Richard.

. Q What did you mean by that?

. A Well, he has got limited number of hours in the day. If there are--if there is factual research that needs to be done to support a statement being made in--you know, one motion in one of the 30,000 cases we have pending, get some--somebody from the office or the Internal Security Section to do it.

. It is a question of his time. And the point I made earlier about, you know, he is going to have to take time to get steeped in all the Evans facts in order to be the signatory as it were on the representation to the court.

. Q Sure.

. Did you know at this time that the Attorney General had actually participated in drafting of the January 17 finding?

. A No, I had never heard of the January 17 finding at that point. Had I? Had that been--

. Q I wouldn't know.

. A Any way, the answer is no.

. Q What I am getting at is, was there a concern solely for the Attorney General's time, or did it also encompass or concern about being a fact-finder if one was involved with the initiative?

. A No, I think it was just a management issue. It is crazy to have the top people going out doing fact research.

. Q Okay.

. After you mentioned this--and I believe you stated in your interview rather warmly. I wrote that down, too.

. A Yes.

. Q What was the response? Do you recall what people in the room had to say about that?

. A No. The discussion, I recall, was after the meeting broke up, Mr. Cooper and Mr. Reynolds were still seated next to each other at the table, and I came over on the other side and said something like, well, you know, I don't mean to overstate this point, but it just seems to me that we ought to be able to manage it a little bit better.

. I was trying to take back from the warmth of my statement so that people wouldn't think that I was particularly angling for business, but I just want to make sure this got done in a way that made sense, and that led to a conversation involving Chuck and Brad, where Brad I believe said, ''Well, somebody has got to get involved here, because there are a lot of statements going around and statements being prepared for the Hill, and these things aren't hanging together.''

. And I said, ''Well, that is way over my head,'' and Brad said, ''Well, that is way over all of our heads.''

. Q Okay. Do you recall if Mr. Cooper said anything on that subject?

. A Yeah, I think he did more or less along the lines that Brad was saying, but I am not sure.

. Q Okay.

. Did either of them mention Director Casey's testimony specifically, that you recall?

. A I wouldn't be surprised. I think that Director Casey's testimony had been in the news either the day before or the day of, so that it would have been topical.

. Q Well, did either of them tell you what was being done about that, these dissimilar statements that were coming out?

. A No.

. Q Okay. Did they indicate--either of them indicate to you that the Attorney General was personally involved in helping to review drafts of the Casey testimony?

. A No, I don't think so. It wasn't that in-depth a conversation. Brad was being factual in a way of saying, ''Yeah, you are right. Someone has got to get in here and have a look around.''

. Q But when he said that, did he indicate that someone was?

. A No. I don't believe that I understood that Mr. Reynolds or Mr. Cooper was doing that.

. Q Okay.

. Was there anything else on that subject at the meeting or--after the meeting?

. A I don't think so.

. Q Okay.

. After you returned to your office, did you assign anybody to do research on the legal issues involved?

. A I called up Jerry McDowell, who is head of the Public Integrity Section of the Criminal Section at some point; I guess it was that Friday, and said, ''Hey, Jerry, about Iran, why don't you have somebody have a look see whether--if the stories in the papers are true, or there might be any violations of law implicated.''

. Q By calling the Public Integrity Section then, I take it you were focusing on public officials?

A Yes.

Q Okay. And did Mr. McDowell look into that for you?

A He had Joanne Fairington, who is a special assistant to him, look into it, and she gave him a memo on Saturday, November 22, which I don't believe I saw until several days later.

Q Okay.

And did that memo outline certain statutes that may be applicable?

A Yes. It was a quick and dirty look. I said, you know, the Arms Export Control statute might be applicable--whatever that 1947--National Security Act might be applicable. Her reading was that as long as it was officials acting within the scope of their duties doing this that none of the criminal penalties would be implicated.

Q Okay. At that time, were you aware of any findings--in other words, were you aware whether or not any of those activities had been authorized?

A No, I was not aware one way or the other.

Q Okay.

Now, on the 24th, did the Attorney General call you in regard to this subject?

A Yes.

Q Do you recall when that was?

A Well, it was during a meeting I was having with my deputies, and those are often the 10 or 10:30 a.m., so I would say it was between 10 and 11 a.m.

. Q Okay.

. Do you know if he was calling from his office?

. A I don't know where he was calling from.

. Q Okay. Do you recall anybody placing the call for him?

. A When I got on the line, I think he was on the line, but that is his style.

. Q He places his own calls?

. A Not all of them, but if it is--I think he was on the line. I don't know that anything turns on it. I am uncertain about that. I think he was.

. Q And when he called you, what did he say to you?

. A He said words to the effect of, ''I just want you to know with respect to this Iran matter that the fact that the Criminal Division is not involved is not negligence or a product of sloppiness, and you should not be concerned that matters are, you know, falling between the cracks. This is being done that way on purpose.''

. Q Okay.

. Did he allude to what was being done?

. A No. I took his statement to refer to my expression of concern at the Friday meeting. My inference was that someone had reported to him that I had expressed this view with some warmth, and he should--that he might want to give me a call to make sure that I understood that the matter was being handled.

. Q But did he tell you by whom or what was being done?

. A No, that is just about all he said.

. Q Do you recall what your response was?

. A I said, ''Ed, I--I gather--or I did--I did register a concern at the Friday meeting about you doing this research, and my only thought is that if you tried to carry too much water here that some may spill on you.'' Those were my words.

. Q Can you tell us what you meant by that?

. A Well, if you are going to be responsible for making a representation to a court in a court paper, you have to be very sure of your facts, and I guess my meaning was that it would be difficult for him to be sufficiently on top of both the facts on the Iranian arms sales by the government and the facts in the Evans case to be able to make a clean statement that, you know, the activities in Evans had no connection with the activities that the government had been carrying on.

. Q Um-hum. Did you mention to him the research that you had had done?

. A No, I don't even think it was in my mind. As I say, I didn't see it until sometime later, and when I did, it was an anti-climax. I didn't really dwell on it until I saw it in document production in February of '87.

. Q Between the time of that phone call and the Attorney General's press conference the next day, where obviously the whole word was told it was happening, did you have any other discussions or learn anything or read anything pursuant to the subject matter?

. A Read anything--you mean other than in the newspapers or--

. Q Correct. Yeah. Was anything going at the Department of Justice regarding this issue?

. A That I was involved in?

. Q Yes, sir.

. A I don't think so. I think I got off that train and the next I heard was when Mark Richard called me sand said there had been a press conference and Poindexter resigned and North had been fired.

. Q Did you have any knowledge on that day, on the 24th, that Brad Reynolds and Chuck Cooper had met with Tom Green, the attorney for Oliver North?

. A No.

. Q Or actually for Secord?

. A No.

. Q After the Attorney General's press conference, what did you do?

. A Well, Mark Richard called me. I was in my office. He said that this press conference had occurred. Poindexter resigned; North had been fired. I said, ''Wait, wait. Timeout. You better get in here and bring me up to speed on this.'' He said okay.

. As soon as he got into my office, which would have been 30 seconds later, we received a call to go up and see Steve Trott on the fourth floor.

. Q For the record, Steve Trott is?

. A He is the Associate Attorney General.

. Q Okay.

. A Steve said, ''You two guys,'' meaning Richard and Weld, ''are to go meet with Chuck Cooper now and scoop out what the possible criminal implications of this scenario as described by the press conference might be.''

. So, we proceeded from Trott's office to Cooper's office to do that.

. Q Okay. What did he tell you?

. A What did Trott tell us?

. Q What did Cooper tell you when you went to see him?

. A He gave us a little bit of a chronology on past sales--I think he mentioned September '85, November '85, February '86, May '86, August '86 and either September or October '86. He talked about 508 TOW missiles here and then some Hawk missiles that got returned, and what types of equipment.

He talked about Iranian middlemen and God knows who else making a buck on the side, you know, as possibilities. He talked about the CIA and DOD and the price between them, and you know, what the implication of that might be for whether or not American dollars were involved.

And basically, it is like the first year law school exam question, what torts? This is: What crimes?

Q Did he discuss the diversion of the money to the contras?

A Oh, yeah. He did. He must have. That was the topic of the press conference, although you know, I didn't get a--a transcript of that until later, but in Mark's first call to me, he had mentioned the diversion, so, yeah, that was very much discussed.

Q Okay.

A And the Boland Amendment was discussed. During the initial narrative by Chuck, he took a call from Dick Armitage at Defense and learned--he said that 508 TOW missiles was all that the Army had in stock at the time that the 508 missiles went from Israel to Iran which seemed to make an impression on him.

Q All right.

Which--when Armitage said that the 508 were all the U.S. had in stock, what was Cooper's response? Why would that make an impression?

. A His response was, ''Oh, wow.'' I infer that the reason it would make an impression is that it might support an inference that the decision by the Israelis to select a number 508 to send was the product of some colloquy with the Americans, but I am not even sure if I got the countries right.

. I am going on my memory of notes of a conversation that I didn't understand in the first place.

. Q Okay. When you were--

. A I have detailed notes of this conversation, which I am sure would enable me to be more precise, but for whatever it is worth--

. Q I think we have those.

. A We did those last time.

. Q Yeah. What I want to try to pinpoint is when you were discussing what particular criminal statutes might be involved, were you focusing on the diversion of the funds or on the legality or illegality of the arms sales themselves?

. A Mark Richard and I were answering it as a what-crimes question. First thing that occurred to me was conspiracy to violate the Boland Amendment, 371, conspiracy. The second thing that occurred to Mark and me both was conspiracy to defraud the Congress in the faithful administration of the foreign military sales program but, you know, we considered everything, mail fraud, wire fraud, munitions statutes, arms export control, tax violations, a 641 threat from the government, assuming that there were some spread between the price paid to the government and what the property was worth to the Iranians.

. So, I think that our response was directed to both halves of the situation at that meeting--speaking for Mark Richard and myself.

. Q Okay.

. After you laid these out, did you put it in any sort of a written form?

. A I have notes, and I think I recapped my notes into five broad headings when we went in to see the AG at 5:30.

. Q Did you communicate with anybody from the FBI or Customs during this time period, that is, Tuesday afternoon?

. A That afternoon.

. Q On this subject?

. A No, I don't think I got out of meetings all day. I went from Trott's office to Cooper's and from Cooper's to the AG.

. Q And when you met with the Attorney General, did he tell you he had spoken to anybody at the FBI?

. A I had--I have to look at my notes. There was one meeting where he suggested--but I think it was the next morning, where he suggested that he had spoken to Buck

Ravell, and that he and I and Trott should be briefed by the Bureau later in the day--I think that was Wednesday morning, the 16th.

. Q Okay.

. A It would appear in my notes.

. Q Okay. When you met with the Attorney General at 5:30 on Tuesday, do you recall what it was he told you?

. A He said, ''Okay, Bill. Let's hear about the potential criminal theories--criminal violations.'' There was a bunch of people in the room, eight or 10, and I laid out a summary of what Richard and I had come up with with Cooper.

. Q Okay. And did the subject of authority come up regarding the 1985 shipments?

. A Well, I think it was recognized that the answer to the criminal questions could be a lot different depending on whether--various shipments were taken with authority or not.

. Q Well, I guess what I am getting at is at this meeting, did the Attorney General volunteer any facts that he had found out over the weekend or at any other time to--

. A No, I think that came up at the Wednesday 2:30 meeting.

. Q Okay. Did--when you were discussing the Arms Export Control Act, which i assumed you did during this 5:30 meeting--

. A Briefly.

. Q --and the National Security Act, did the Attorney General tell you that they had proceeded under the National Security Act so to allay the problems of the Arms Export Control Act?

. A No, I don't think he did.

. Q Okay.

. Did he impart to you that he had participated in the finding in January of '86?

. A No, we didn't get into that at all.

. Q Okay. So this is mainly a recitation by you?

. A Me talking now.

. Q Okay. And what was his response after you finished going through your laundry list?

. A Thank you very much.

. Q Okay.

. So there was no sort of discussion or--

. A Well, I think my notes make reference to the Attorney General mentioning some vague conspiracy charge or something like that. I led off with conspiracy male fraud and wire fraud, three of the Attorney General's lease favored statutes, and then I thought of the false statement, which is another one of his lease favorite statutes.

. Q And recently, the Supreme Court's--

. A And recently the Supreme Court's. But there was some--you know, you are asking about the discussion. There was some discussion about meat-and-potato statutes were, you know, specific prohibitory provisions versus these vague conspiracy mail fraud, wire fraud type of statutes.

. Q After the meeting then with the Attorney General and others, did you do anything else on this issue Tuesday afternoon?

. A I would think I probably went downstairs and continued to kick it around with Mark Richard, because 6:00 is not usually when I go home.

. Q Okay.

. Then on the 26th, there was a meeting--actually a very large meeting which a lot of people attended to try to get the game plan going. Did you have any meetings prior to that meeting?

. I think the record will indicate that took place around 2:45 in the afternoon.

. A Yeah, we had a morning meeting as well.

. Q And was this with Mr. Cooper and Mr. Reynolds?

. A Yes. I am not consulting the three pages of notes that I made of the meeting that I attended. I had a 9:15 on the 26th with the Attorney General, Mr. Burns, Mr. Trott, Mr. Reynolds, Cooper, Bolton, Cribb, Korten, K-o-r-t-e-n, and John Richardson.

. Q Okay. As a general matter, does Mr. Burns usually take notes at these meetings?

. A Not usually, I don't think.

. Q And at that meeting, did you discuss how the Criminal Division was going to handle this new investigation?

. A I think the very first thing that was said was that the Attorney General said, ''Bill, today is the day for handoff to the FBI and to the Criminal Division.''

. Q Is there anything that made Wednesday different than Tuesday night?

. A I don't know.

. Q In other words, when you left the Attorney General Tuesday night, did you get the impression that you now had the authority to go forward and investigate?

. A No. I had the impression that was on hold until the next day.

. Q Okay. So, the next day is when you actually heard of his decision to go forward with the criminal investigation?

. A Yes. My best recollection is that I formed the impression somehow on Tuesday night that that was on hold until the next day.

. Q Okay.

. A So, I would infer that the subject had come up on Tuesday night.

. Q And what else was discussed at this meeting?

. A I believe at the 9:15, the composition of the investigative--or excuse me, the prosecutive time was discussed, and I said I would probably go with a couple senior people from the Public Integrity Section, which handled Special Prosecutor and Independent Counsel matters.

. There is a guy over there, Bill Hendricks, who has a lot of experience in CIA matters, as well, so he was a natural. I think we put on Alan Carver as well, who as a special interest specialist, and a military background, too.

. The AG said he wanted me to personally supervise this in the interests of speed. He wanted both Jack Keaney, who is my principal deputy and supervises the Public Integrity Section, and Mark Richard, who is my second principal deputy and supervises the Internal Security and International Affairs Sections, to be involved, and that Chuck Cooper would be a member of the prosecution team as well. So it would be six in all.

. Q Did he say why he wanted Mr. Cooper to be involved?

. A I don't believe he did.

. Q Did the Attorney General ask to be kept informed on a routine basis?

. A Oh, sure. I mean, I think that was the point of having me supervise it closely. It was John Richardson said at that meeting--said if anything comes up hot, get it to the

AG immediately.

. Q Okay.

. Now, was it at this meeting or the afternoon meeting that it was brought up as to whether some facet should proceed civilly as opposed--

. A It was at that meeting.

. Q Okay.

. A Mr. Cooper said it was his understanding that the criminal investigation would focus on the diversion to the contras, and that the investigation that he and Mr. Reynolds had been conducting of the Iran side of the fence would proceed on a civil track, although it might throw off leads for the criminal investigation.

. Q Okay. And what was the response to that?

. A I am not sure anyone said anything. I probably gave negative body English, because I didn't draw a distinction between the two. I know I wrote a question mark in my notes in the margin, and the--I don't think the idea was kicked around much after that.

. Q What--my notes indicate you told us at your interview what that that suggestion did not survive the meeting.

. A Well, it was never raised again.

. Q Okay.

. A I don't think we kicked it to death at the meeting. I think it was a trial balloon that didn't go anywhere--that is unfair to Mr. Cooper. It was a thought that didn't go anywhere.

. Q Nevertheless, you did not see that as any indication that you shouldn't proceed in any area criminally?

. A I mean no way was I going to look only at the Nicaragua side of the fence.

. Q Okay.

. A You know, I am trying to remember. I think most likely I scratched my head or gave some affirmative sign that I found that suggestion puzzling and people didn't salute it. It was run up the flagpole and not saluted.

. Q Later on then, there was a very large meeting about 2:45 or so in the afternoon with a case of thousands.

. A Yeah.

. Q Including some people from the FBI, including Mr. J-a-m-a-r--I believe Mr. Floyd Clark was there, and others. Did the Attorney General at that meeting describe to them that you and Mr. Cooper would be team leaders or leading this investigation--anything to that effect?

. A I don't recall a joint command concept. I do believe it was stated that Mr. Cooper would be on the team.

. Q Okay. Mr. Cooper testified publicly that he had the sense that that did not sit well with the FBI.

. A Ha, ha, ha.

. Q Does that comport with your recollection?

. A Yes.

. Q Okay. Was that expressed to you by the FBI?

. A Yes, it was.

. Q Do you recall who expressed it to you?

. A Every FBI person that I talked to.

. Q Okay.

. What did they tell you?

. A Well, it was really more questioned than telling, but I think we went after the big 2:30 meeting--I think Cooper and I and Hendricks and Carver--and Mark Richard and Jack Keaney went back down to my office with all the FBI guys, ha, ha, ha, and we sat around and nobody said too much, and at one point, I think Chuck said that he--he certainly hoped that, you know, no major actions would be taken in his absence or without him participating, and the Bureau guys just looked at him, and afterwards Jeff Jamar or one of the Bureau guys asked me, ''Hey, what is Cooper going to do?''

. Q Did you respond?

. A I don't recall what I said. I would have said something like, ''Well, you know, he is on the team.''

. Q Okay. So, the FBI wanted to know basically what role Cooper was going to have in the investigation.

. A Yeah, I think it was stronger than that. I mean, I didn't follow Chuck's public testimony, but if he said they didn't seem comfortable with that, I would agree with that.

Q And did they express why they did feel comfortable with that?

A No, I don't think they did. I thought at the time it was because they viewed him as a ''political'' Assistant AG.

Q What is kind of clear from the record that develops is that the FBI does not impart anything of what they are doing, basically, to the people that are supposed to be working on it.

Did they say anything to you at that time that they did want to discuss the details of the investigation with Mr. Cooper?

A I don't know whether they said it or not. It was abundantly clear to me they didn't have to say that for me to pick that up.

Q Okay.

Later on, on December 1st, 1986, Mr. Reynolds and Mr. Hendricks meet with Tom Green, who now is representing only Secord. Prior to that meeting, when it was being set up, did you discuss with Mr. Reynolds the—the advisability of his meeting with Mr.--

A Yeah, I got wind of this--I can't remember how--but I called Brad, and he calls me back again, I think, during a deputies' meeting, because I remember Jack Keaney and Vicky

Tungsten and maybe Mark Richard sitting right in front of me when I was talking with him, and I said, ''Look, you might be a fact witness in this whole shouting match about your weekend investigation, so it may not be advisable for you to go meeting with counsels, and--'' this incidentally had been discussed at the 2:30 meeting with the FBI, the advisability of having Tom Green bring in Secord for a proffer.

. Bill Hendricks had argued against it. Reynolds had argued--Brad Reynolds had argued in favor of it, but anyway, now this meeting was going ahead on the first, and I urged Brad not to--not to have the meeting with Green.

. He didn't buy me scenario about fact witness. He said, ''Well, isn't every FBI agent who conducts an interview a fact witness, and why isn't he debarred from conducting any further fact interviews?''

. I said, ''Well, you know, we don't agree, but I think if you are going to have the meeting in a minute, you should have Bill Hendricks there. Hendricks is a career guy from the Public Integrity Section, now Chief of the Fraud Section,'' and Brad said, ''I have no problem with that.''

. Q Um-hum. What was your understanding of the purpose of the meeting was to be?

. A A mini-proffer by Green as to what his client might have to say?

. Q Okay. And at that point, was it clear he represented just Secord alone, or were you under the impression he represented more than one of the participants?

. A I am not sure when it changed from all three to just Secord in my understanding.

. Q Thank you.

. Well, by the time you spoke to Mr. Reynolds on the 1st of December, did you have an understanding who Green represented?

. A Quite sure on the 26th Brad said he represented more than one, but it looked as though he was going to have to get out for one or the other. Now, the 1st of December would have been my next business day in the office, so I don't know if I learned that in the interim.

. Just in the interests of completeness, after I hung up from talking with Mr. Reynolds, I called Mr. Trott, who was somewhere out of the office. He said, ''Look, I have had this conversation with Brad. Do you think I should go over the cliff on it, you know, raise it up to the AG, pull it all over the floor, because the way I left it, it is going to go ahead, but with Hendricks present.''

. And Steve said, ''Yeah, that is probably survivable.''

. Q Did Mr. Reynolds give any affirmative reasons for wanting to be part of this meeting?

. A Well, he had argued in the November 25 afternoon meeting that sometimes you can get more at the beginning then you can after a position freeze, which is true, and Mr. Hendricks had argued that you don't want to have somebody come in before you can intelligently cross-examine them and tell you their stories, because then later, you get so you know your case, and you want to ask them questions, and they tell you, ''Look, I already told you my whole story'', and that is also true.

Q But what reasons did Mr. Reynolds give for himself wanting to participate in the meeting?

A The impression I got was that he thought he could advance the ball. I pressed him pretty hard, and his response was the one I just related about the FBI agents and the fact--

Q Did he mention at any time that he had a long-standing relationship with Mr. Green?

A No, I don't think I knew that.

Q Okay.

For the record, you are the person that drafted the application for Independent Counsel; is that correct?

A Yes.

Q Okay. Colonel North, in his testimony, which you may have missed--

A I missed it.

Q You were lucky, but made much ado about the fact that he was the only person mentioned in the application for Independent Counsel, a fact which apparently rankled him a bit. Do you recall any conscious decision to only put his name in the application?

. A Well, I guess the reason I started with him was a feeling that if there was anybody who knew what was going on here, it was he.

. Now, the next question is, why not throw in Poindexter and a bunch of other people? The answer to that is, we were a little short on facts at the time this was being drafted, which was on the night of December 1.

. Q So, you didn't know exactly what Admiral Poindexter had done, in other words?

. A That is correct.

. Q Okay. Did you have anybody else in the government in mind?

. A Well, no. I mean, my thought was, let's draft it broadly and let the facts take us where they will.

. Q I guess, then, my question is, then why did you add Colonel North at all?

. A I guess to give context. I have been involved in a couple of these things before and none of them with no names.

. Q Was there any discussion in any of the drafts that were circulated to add more names or to delete his name?

. A I don't recall either of those changes being raised. There were a lot of--there was a lot of discussion about adding more violations or subtracting violations.

. Q Would it be normal procedure in drafting such an application to add people who aren't in the government as possible co-conspirators?

. A It has happened in a number of cases.

. Q Okay.

. Did you give any thought then to adding Mr. Secord or Mr. Hakim or--

. A Oh, no. This is December 1. I don't think I was that for along in terms of knowledge.

. Q By the way, did you ever receive Mr. Cooper's notes that he had taken at the interviews over the weekend inquiry?

. A No. I have never seen them.

. Q Did you ever ask for them?

. A I don't believe so.

. Q Did you ever see Mr. Richardson's notes of the North interview?

. A I have never seen them.

. Q So, you never actually received any notes from anyone taken that weekend; is that correct?

. A That is right.

. Q Okay.

. A I became aware that they had given their notes to the FBI.

. Q Okay. Were you aware that the FBI had or was going, to interview Admiral Poindexter?

. A Yes.

. Q Okay. Did they relate to you the outcome of that interview?

. A No.

. Q Was there some discussion or concern about Fawn Hall and whether she had retained an attorney or had been contacted by the FBI?

. A There was some discussion about her having retained Plato Cacheris, who was looking for immunity, and I recall Jeff Jamar and myself both being frustrated by our inability during the preliminary investigation phase of--an Independent Counsel case either to grant immunity or to issue subpoenas, because as I looked at it, she would have been a red hot candidate for immunity on day one in a garden variety criminal investigation, but we were hamstrung.

. Q Did anyone else step forward other than her attorney and Mr. Green?

. A Yeah, there was a guy named Sherwyn Markman or Markham, who called me from Switzerland, who wanted to come in and speak on behalf of Willard Zucker and somebody else. I think they might have been American lawyers in

Switzerland.

. Q Do you remember who they were?

. A He is from Hogan and Hartson.

. Q Yes, but who the others were in Switzerland?

. A No, I don't, but I should have notes of that. There was Willard Zucker and some company which later made the news--some Societe Anonieme.

. Q Was it CFF for short?

. A I think so.

. Q Where did Mr. Markman work?

. A This is on December 9. Well, by that time, we had filed our application for Independent Counsel. I think that was filed on the 4th. So, he came in with John Keaney, Jr., Jack's son--Jack recused himself, obviously--representing these witnesses from Switzerland, and the phone message I had, or maybe it was the message given to me through my assistant, Mark Robinson, was that these people wanted to shed light on a whole extraordinary web or tangle of events in Switzerland designed to make it sound as appetizing as possible.

. Shortly before the meeting, I concluded that I should not meet with them, because--suppose they mentioned the word ''immunity.'' Then they might later feel that they had negotiated immunity with the Criminal Division while the application for an Independent Counsel was pending.

. So, I opted out of the meeting and sat them down--I believe with the FBI alone.

. Q And would these have been the FBI agents who were then assigned to the Independent Counsel staff?

. A Yeah, the Chinese Wall at the Bureau had already had already been established, and the briefing that the Bureau gave--gave us on--I guess it was December 1st, Neil Devers was the--yeah, had a 4:05 meeting on December 1st, and this was a much-postponed briefing by the FBI.

. And it was clear to me that they were holding the cards close to the investigation and just telling us the categories and subject matter headings of their investigation without any of the meat, which I must say I found appropriate.

. That did bother me, because we all knew an Independent Counsel was coming down the road within a matter of days.

. Q So, you never heard of the outcome of their meeting with Jack Keaney, Jr., or Mr. Markman?

. A Correct.

. Q Were you aware of any efforts on the part of Brendan Sullivan to contact either the Attorney General or the President on behalf of Colonel North?

. A No, I don't think so.

. Q Okay.

. Was there any discussion--obviously after November 25--of giving Colonel North immunity--or discussing the possibility of a pardon when it was all said and done?

. A There was some discussion of immunity on or around December 16. The topic came up in the form of a question as to what we would do if the House and/or Senate committees did vote immunity for Colonel North or Admiral Poindexter pursuant to 18 USC 6005 or whatever the statute is.

. Q Okay. And who was that discussion with?

. A Well, I thought it was a non-starter as an idea. I was violently opposed, but in a conversation with Mr. Trott, I learned that consideration was being given to going--into having the Department of Justice go along with immunity for those two individuals, on the theory that this isn't ''a real'' immunity. It is only ''limited'' immunity.

. I button-holed the Attorney General at his Christmas party and this conversation occurred whatever date that was--I think it was the 16th, and said, ''Look, on this question of immunity for North and Poindexter, be advised that the government's burden after immunity is granted to show an absence of taint is a very heavy one.

. The Kastigar, K-a-s-t-i-g-a-r, taint problem is a very severe one, and if immunity is granted at this stage, it might very well render impossible any prosecution of Colonel North or Admiral Poindexter, and I don't think it is a good idea.

. Q And what did the Attorney General say?

. A It was inconclusive. I mean, this is in a room with 200 people and it was, you know, a real not-to-do-anything-precipitous and we-will-take-everything-into-consideration. The request I made of him was that I would like to be heard before this is done, and he said that I can be, period.

. Q Okay.

. A And he didn't seem, you know, overwhelmingly committed to the idea, either. It was just something that had come up on the plate.

. Q Well, at that time, there were public reports that the White House was trying to push Congress in that direction.

. A I think that is right.

. Q Okay.

. So, this was a discussion of whether or not the Department of Justice was going to approve that or go along with that or support that--

. A Right.

. Q --push.

. A Which was not an idle question, since we have an opportunity to oppose it under the statute.

. Q Okay.

. A And this was before Judge Walsh had been appointed, so I think I also argued to the AG it would be doubly inappropriate for us to exercise an authority which would belong at least in part of the Independent Counsel within a matter of days.

Q Did anybody at the Department of Justice, including the Attorney General, express the opposite view, that it would be good for them to receive immunity?

A Well, I am just trying to remember whether--I remember the Attorney General at some point making a public statement along the lines that this immunity is limited and not total, but I can't remember when that was, whether it was after this happened or whether it was back in--back in December.

Let me just think whether anyone in the--I think it is possible that one or two of the many people I discussed this with may have said that in their view, it was more important to get the story out for the good of the country than it was to preserve the option of prosecuting North and Poindexter.

Q Do you recall who that may have been?

A Possibly Jack Keaney, although I am not sure. I was--you know, stalking around waving my arms, and he may have been trying to slow me down.

Q Are there any other things that you think we should cover that the committee should know?

. A There was a part B to your question which was, did I ever hear any discussion of a pardon for North?

. Q Oh, yes.

. A I heard the word once. A fellow from the Vice President's office, C. B. Gray, who is a social friend of mine, called me up on two matters. One, a--I think Criminal Division Christmas party that I had invited him to, but two, he had some question relating to Fifth Amendment and waiver involving Colonel North, and I remember saying to him, ''Look, I am not advising anybody about anything. We are in total conflict position here, but you know you people should be very careful how you talk to Mr. North or his lawyer,'' and I remember C. B. saying, yeah, that people will come back and say it was all a big deal for a pardon.

. Having worked though the Watergate years, the word leapt out at me.

. Q Are there any other things that you think we should cover in this that I didn't ask? We obviously skipped over a lot of meetings and things that you participated in, but I sort of just wanted to hit the main points.

. Please feel free at this point to put anything on the record that you think the committee should be aware of.

. A No.

. Q Okay.

EXAMINATION ON BEHALF OF THE SENATE SELECT COMMITTEE

BY MR. McGOUGH:

Q Okay, Mr. Weld, at one point you referred to discussions at a staff meeting regarding who is going to speak to the press about Iranian matters, and this was in the context of the Evans case.

Do you recall approximately when that took place?

A Yeah, I think it would have been between the 10th and the 17th, probably closer to the 10th of November. It was the first time Iran had bubbled up to my conscious, and the question was, well, what should the United States Attorney say when the press begins to ask them, you know, ''Are you cases going to survive or are they all going to fall because of what the Administration has been doing?''

Q You mentioned that on Friday--get my dates confused sometimes--but Friday, November 21, which would have been a Friday, you asked a member of the Public Integrity Section, Jerry McDowell, to look into possible criminal violations, and that was, I believe, the same morning that you indicated, too, at the staff meeting, that you thought the Criminal Division ought to be involved in the investigation.

A Well, that I thought that the Criminal Division ought to be involved in getting the answers for the motion in New York.

Q Right, and I guess that really brings up my question, which is at the time of the staff meeting and the time of your staff meeting, did you have any inkling or any belief, any--well, any belief or inkling there might be criminal activity involved, not on the Evans side of the matter, but on the Iranian initiative side of the case?

. A Well, I think the reason I put the question to McDowell must have been with a view to our responsibilities under the Independent Counsel statute. I don't like to sit around waiting for a referral. If there are matters publicly reported that might possibly support or might possibly constitute ''sufficient grounds to investigate a person covered by the Independent Counsel Act has committed a Federal offense,'' so I wanted Jerry just to take a quick look to see whether there was some obvious criminal possibility in the Iranian initiative as reported, because if so, I wanted to know it.

. Q What, if anything, about the Iranian initiative suggested to you there might be criminal activity? Let's take events out of it for a second. I view the Evans situation as being different from the Iranian initiative itself, and it seems to me what was it about the Iranian initiative that--

. A I am having trouble reconstructing how much was in the press by November 21, but if the press accounts had reported that this was being done on an unofficial basis or with private sorts, and there were, you known, phony manifests on shipments, that would be a 1001 or possibly an export violation.

Again, that is speculative since I can't remember what was in the press, but that is one possibility.

Q But at least when you spoke to Mr. McDowell, there was some thought you might have that there might be some criminal activity on that side of the equation.

A There must have been, or I wouldn't have put the question. I recall a feeling of lack of knowledge on my part that week, which I think is what led to the slightly frustrated tone with which I said at the morning meeting, you know, I don't think even this investigative fact finding work on the Evans case should be done without Criminal and FBI, so I wanted Jerry to, you know, give me some comfort there.

Q At the staff meeting that morning, given that you had this staff meeting the next morning, did you express the Criminal Division's interest in those terms? I mean, let me back up for a minute. I believe you said at the staff meeting, you said, ''We have got this Evans case, and we have got somebody investigating this Iran initiative and the same person ought to be doing both, so they can make the affidavits and the proper representation in the Evans case.''

Did you, in addition to that, say, ''and there may be some criminal activity on the Iran initiative side''?

. A I don't think I did. I wouldn't even fix the date of my request to McDowell as having been Friday the 21st, except that he and I later had some by-play about whether the request had come over on a Friday or a Monday.

. Turned out to be a Friday. And it could conceivably be Friday the 14th. But in other words, I have no memory of asking Mr. McDowell on any particular day. But I did ask him for quick and dirty, and the fact that Joanne Fairington got to it on Saturday the 22nd suggests to me that it was probably Friday the 21st.

. Q All right. And Miss Fairington's memorandum was dated the 22nd, as you recall?

. A In hand.

. Q In hand on the 22nd.

. A There is a handwritten date of the 22nd on it.

. Q Okay.

. Did the Attorney General ever ask you at any time prior to November 26 to brainstorm the Iranian situation and see if there are any criminal violations in it?

. A No.

. Q So that Miss Fairington's memorandum was done independent of any requests--

. A That was me on my own hook. There was one other thing that the Attorney General did ask me to do, which was to get further information about the Evans case. I think I should put this on the record, in fairness to the Attorney General, who the defendants were, bring over a copy of the indictment, and I did.

. I had Joe Tafe from Internal Security bring that over, and I gave it to John Richardson sometime shortly before November 17, so if I left the impression earlier that the Attorney General was purporting to opine on the Evans case without knowing anything more than the name of the case, that is not quite accurate. He did have the papers.

. Q You indicated that after the press conference on the 25th, you met with--first with Mark Richard and then with Mr. Cooper, and Mr. Cooper gave you some chronology and a briefing on some of the facts.

. Did Mr. Cooper mention to you that he had also been looking into possible criminal violations?

. A No, I don't think so.

. Q So that any discussion of--well, strike that.

. Did you ever discuss with the Attorney General what Mr. Cooper's roles could be on the investigative team? You indicated at the meeting on the 26th, he said Mr. Cooper will be a member of the prosecution team, but didn't say why at that time.

. Did you every discuss with him Mr. Cooper's role on that team?

. A No. I don't think so. I am just trying to think whether I questioned that at the meeting or not. I have a dim memory of a little bit of back and forth, but then the conclusion being, okay, let's do it this way.

. Q And shortly thereafter it was that the FBI expressed some reservation to you about his participation?

. A More by deed than word, but it washed out because it wound up that the entire prosecutive team was not getting information out of the FBI, and Bill Hendricks called over for reports on this and that. They weren't coming over, and it's not that the FBI doesn't trust Bill Hendricks, just that they knew they were going to have a new prosecutor in a few days, and as I said earlier, I think they behaved appropriately.

. Q I guess really following up on that, or maybe you answered it implicitly, were there ever any steps taken to remove Mr. Cooper from the prosecution team, or did the issue simply moot itself?

. A I think it just dropped out. There may have been meetings held, you know, between Carver and Hendricks on the one hand, and brick agents as opposed to supervisory agents on the--

. Q But not at your level.

. A You mean with me, but not Cooper--no.

. Q Did you at some point become familiar with a case arising in the Southern District of Florida under Leon Kellnor, K-e-l-l-n-o-r, and relating to an investigation into alleged violations of the Neutrality Act, and in particular if it had come to your attention, it might have come to your attention through press accounts indicating that the investigation had been postponed or stalled by the Attorney General--

. A This was the one where Lowell Jensen and the Attorney General were supposed to have called Kellnor up?

. Q That is right.

. A Yeah, I read about that in the press, and I feel that one phone call from Kellnor on the topic--as best I can remember, he was violently denying that this had occurred. He said he felt middled by these press accounts and that his personal integrity was on the line, and he was demanding that the Department, in its next public pronouncement on some topic--I can't remember what issue or statement--to the effect that these conversations never occurred.

. Q Which conversation?

. A The alleged conversations between Jensen and the AG and Kellnor.

. Q What did you do about that request?

. A Well, I think possibly it was in the context of a letter to Judge Walsh, the Independent Counsel. This might have put it into January, and the question was whether this statement regarding, you know--the statement regarding those conversations would be somehow included in this letter to Judge Walsh, and I recall telling Leon Kellnor that I thought the letter had to go, and we couldn't, you know, comment on a fragment of the evidence of comment on something that wasn't even a fragment of the evidence. We had to just send the letter.

. Q And did you ultimately send the letter?

. A Yeah, it was for Trott's signature, as all the letters to Judge Walsh were. But I think it went--it was about the Posey case, and I not sure of--and I think--

. Q The case we are referring to has gone under a lot of names, but Posey may have been one of the people involved.

. Did you ever conduct within your own Division or elsewhere any independent investigation or investigations to determine exactly what happened in that case?

. A You know, I--I believe that Jack Keaney has had telephone conversations, maybe even taken actions with respect to that. The lion's share of the dealings with Leon on this matter have been conducted by Jack Keaney. There was at one point something that happened involving a subpoena by the Customs Service.

. I would place this probably in December of '86, where Leon had a subpoena out, but it was so broad that it swept into Judge Walsh's territory and Jack told him, ''Look, you ought to trim this so you don't step on the Independent Counsel's tows,'' and somehow that got back to Leon as ''You have to close down the entire case,'' or something like that.

It was a misunderstanding, later cleared up, so that was action taken by the Criminal Division that would have had some impact in Florida.

Q When you read these newspaper articles and fielded this call from Mr. Kellnor, did you at that point attempt to get up to speed on what had happened? Did you talk to Mark Richard, for example, about the case?

A I think Keaney, for some reason, was my designee on this one. He dealt with Leon on the trip between Southern District of Florida and the Independent Counsel. There were two cases in the Southern District of Florida which was quite anxious for the Independent Counsel to take over, but I couldn't blow them past Annie Callson, who is the FBI Agent working for Judge Walsh.

And one of them, I think the Independent Counsel may have changed his mind on, but I can't recall. Anyhow, that is the context in which Kellnor rose--in which these cases rose to my attention. Whether or not they were going to Independent Counsel--

Q Did you ever speak to Mark Richard about the allegations?

. A Well, if they involve gun-running, I probably did, yeah. I mean, there is the Posey case, something called Corbo, a case called Garcia. There is the case about the guy who testified yesterday, Morales, and I have heard all those names.

. I would think I probably did talk to Richard about it. At another time, I either asked or had Vicky Tungsten ask Leon for a synopsis of all the allegations people have made about gun running or improper conduct by people involved in his cases down there, and he sent something up, so that is something else that the Criminal Division did.

. Q All right. I guess when you say you spoke to Mr. Richard about the allegations and mentioned allegations-by Corbo and Garcia--

. A I can't remember who Corbo is.

. Q I understand. What I really meant was, did you speak to Mr. Richard about the allegations that the case had been slowed or stalled by anyone in DOJ?

. A I think I would have been more likely to have spoken to Mr. Keaney about that, because that would be a Public Integrity matter.

. Q So, the answer is no, you don't recall talking to Mr. Richardson. All I can do is ask you if you recall speaking to Mark Richard about those allegations.

. A If it is a gun-running case--I rely on my senior deputies all the time for Keaney and Richard.

. Q I want my question to be clear so the record makes some sense. All I am really asking is, do you recall ever speaking to Mr. Richard about the allegations that someone in the Department of Justice had stalled or slowed down Kellnor's investigation in that case?

. A I think I must have discussed it with one of my deputies, because I wouldn't have let it sit there. I don't recall discussing it with any of them in particular. I recall receiving the impression that the thing had been looked into and laid to rest, that there were three AUSAs who had sworn mighty oaths that it never happened, words to that effect.

. Q Do you recall any discussion with Mr. Richard about his own conversations with Mr. Kellnor on the case? That is, Did Mr. Richard ever say, ''Yes, I have spoken to Leon about this matter on a number of occasions''?

. A I am just drawing a black on Richard about this case, but if it is gun running, it may well be.

. Q Do you recall discussing this case, in particular the allegations that the case was slowed or postponed, with Mr. Trott or the Attorney General?

. A No, I am quite sure I didn't discuss it with Trott, and I am certain I never discussed it with Mr. Meese.

. Q And just to complete the set, have you ever discussed this case with Lowell Jensen?

. A No.

. Q Does the Criminal Division have any policy or standards for briefing or--describing the types of cases in which the NSC would be briefed on an investigation?

. A I would just be guided by what Mark Richard told me on that.

. . Q You are not familiar with any criteria?

. A You mean written down?

. Q Either written or precedential.

. A Well, I am developing some knowledge about that, but at this point, I would be very much guided by Mr. Richard and John Martin from the Internal Security Section.

. Q In your tenure as Assistant Attorney General, have you ever come across a case in which a briefing has been given to the NSC, special briefing to the NSC?

. A Yes.

. Q Without--I don't want to obviously penetrate--I don't want to penetrate any departments I am not entitled to--

. A Don't worry. If I told you I would blow up.

. Q Can you give me any indication what triggered the briefing to the NSC, what it was about the case or cases that caused the Department to brief the NSC?

. A Extremely sensitive foreign policy. Relations with other countries.

Q I think that is all I have.

A You know, I am--I sense that I am forgetting something that may have happened. Let me tell you one other thing I remember about Mark Richard which may relate to this case of Kellnor's that I draw a blank on all the time.

There was an NSC meeting that Mark once mentioned to me that he had attended which might have been on this case. I don't know. And Colonel North was there. And Mark mentioned to me that he had forgotten that he attended it until much later, but maybe that has something to do with this case of Kellnor's.

MR. McGOUGH: Okay, that's all I have.

MR. BUCK: I don't have any questions.

MS. NAUGHTON: I have one more.

EXAMINATION ON BEHALF OF THE HOUSE SELECT COMMITTEE

BY MS. NAUGHTON:

Q Getting back now to the 24th of November, on that Monday when you received the phone call from the Attorney General, did you at some point later tell Steve Trott about it? In other words, did you discuss with him or the AG calmly on holding off on the Iran arms investigation?

A Well, let's see. Trott had been present on the 21st, so he knew my view.

Q How--can you tell me something about his participation in that meeting that makes you sure that he was there?

. A I recall him looking at me with surprise the way he does when--this is my inference--when he thinks maybe I have stepped out a little bit.

. No, I do not recall telling Trott the AG called me and said, it is no accident that Criminal is out of this. The whole thing would have been overtaken by events the next day, because by the afternoon of the 25th, Criminal was in.

. Q But you say your deputies were present during the phone call; correct?

. A Yes.

. Q Did you relate what the Attorney General had told you to them?

. A Yes.

. Q Was there any discussion of that?

. A Yeah, Mark Richard thought it was crazy. But he and I have been telling each other for a week that it didn't make sense to have the AG doing the investigation. Both these calls that happened during deputies' meetings there was some discussion of--

. Q Okay. Was Mr. Keaney there?

. A Yes, I think so.

. Q Did he have any comment about it?

. A I would think that it would have been negative. It might have been just a, you know, facial expression.

MS. NAUGHTON: I think that is it.

BY MS. NAUGHTON:

Q Oh. The situation when you described giving a briefing to the NSC, did that briefing involve Oliver North or Admiral Poindexter?

A No.

Q Did the subject matter involve either Iran or Nicaragua?

A No. I am not even sure that that briefing has occurred as we sit here, but the question has come up at high levels.

MS. NAUGHTON: All right. Thank you.

[Whereupon, at 4:00 p.m., the taking of the deposition was concluded.]

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APPENDIX B: PREPARED STATEMENT

U.S. Department of Justice

STATEMENT

OF

EDWIN MEESE III
ATTORNEY GENERAL OF THE UNITED STATES

BEFORE THE

UNITED STATES SENATE SELECT COMMITTEE ON SECRET
MILITARY ASSISTANCE TO IRAN AND THE NICARAGUAN OPPOSITION

AND THE

UNITED STATES HOUSE OF REPRESENTATIVES SELECT COMMITTEE TO
INVESTIGATE COVERT ARMS TRANACTIONS WITH IRAN

ON

JULY 28, 1987

Chairman Inouye, Chairman Hamilton, Members and Counsel of these Committees:

I welcome this opportunity to come before these Committees and assist in your review of this Administration's Iranian policy initiatives, as well as other activities aimed at providing funding for the Freedom Fighters in Nicaragua. A number of witnesses have preceded me and provided an accounting of the policy decisions that were and were not made, and have described efforts undertaken for the ostensible purpose of furthering those policies. As I join the witnesses before you, it might be useful to address what I see as the larger perspective of these hearings before turning to the specifics of my limited involvement in certain events.

As a threshold matter, it is important to understand that the Constitution commits to the President the conduct of United States' foreign affairs, just as it gives to the Congress certain responsibilities for the formulation of our country's foreign policy. The strategic initiative regarding Iran was the President's policy. Providing assistance to the Freedom Fighters, within the constraints of the law, was and is also the President's policy. The President has taken full responsibility for these policies. He has already said that mistakes were made in their implementation, and it is clear as well that he neither approved nor knew about the diversion of funds from the Iranian arms transfers to the democratic forces in Central America.

To the extent one may disagree with the President's policies, there are appropriate ways of making that disagreement known. In regard to the mistakes that were made in implementing the President's policies, the President has already taken steps to correct those problems and he continues to work to ensure that they will never happen again. In regard to any possible illegal conduct by anyone involved in various aspects of this matter, an independent counsel has been appointed and is investigating. Let us not forget that Congress, in enacting the Independent Counsel statute, gave to him the responsibility as much to exonerate as to prosecute, depending upon the state of the evidence and the legal conclusions that it compels.

The Administration has thoroughly cooperated with the Independent Counsel and will continue to do so. Whatever legal questions there may be concerning the constitutionality of the Independent Counsel statute, there should be no doubt about the wisdom of seeking an independent counsel in this instance. Indeed, to preclude possible adverse court rulings, I gave Judge Walsh a parallel appointment within the Department of Justice to ensure that his investigation would continue uninterrupted to its completion. It is imperative, both in fairness to the independent counsel and to those individuals who have been involved in the Iran-Contra matter, that his efforts not be prejudged or impeded.

With those preliminary observations, let me turn to my participation in the events you are reviewing. As the Attorney General of the United States, it is, of course, one of my responsibilities to serve as the nation's chief law enforcement officer. In that capacity, I am privileged to assist the President in making sure that the laws of the United States are faithfully executed. In addition, as prescribed in the Judiciary Act of 1789 which created the office of attorney general, I am assigned the responsibility of providing legal advice and opinions to the President on such matters and at such times as he directs. Further, the Attorney General is, and has since 1791 been, a member of the President's Cabinet, and thus has the distinctly separate role as one of the general advisors to the President and the Executive Branch. My exposure to the Iran-Contra matter was not confined to any one of those areas of responsibilities, but from time-to-time touched them all. I believe one can better appreciate my limited role in the events of the period by understanding in which of the several capacities I was approached for advice and assistance.

Some eight months ago, the President asked me, as his principal legal advisor, to develop a factual overview of the events related to the Iranian initiative. During that hectic weekend in November, 1986, we were able to piece together a basic outline of what is now known as the Iran-Contra story, which has been essentially validated during the extensive investigations which have occurred since.

I mention this because after many months of televised hearings and intensive press coverage, some might understandably have difficulty recalling that, as we embarked on our fact finding inquiry on November 21, few inside or outside the government understood the true nature and scope of the Iran matter, let alone knew of the many details of all related activities and events. I certainly had no such knowledge.

My first exposure to the Iran initiative was in reality rather brief. I recall on January 7, 1986, being asked to attend a meeting with the President in the Oval Office along with the Secretaries of State and Defense, the Vice President, the White House Chief of Staff, the Director of Central Intelligence, the National Security Assistant, and perhaps one other member of the NSC staff. Parenthetically, let me state that my calendar shows -- and I have been told by others -- that on the previous day the Deputy Attorney General, Lowell Jensen, and I met with Lieutenant Colonel Oliver North who gave us a short briefing on an Iranian initiative. I do not specifically remember that meeting.

At the meeting on January 7th in the President's office, Admiral Poindexter and Director Casey raised the proposed Iran initiative. As described, the initiative involved overtures to "more moderate" elements in Iran and the cultivation of a relationship that could, in the future, be to the geopolitical advantage of the United States. The proposal was also described as possibly helping to end the long Iran-Iraq war. The initiative was also seen as a means for decreasing Iranian sponsorship of terrorism, forestalling Soviet designs on the area, and gaining Iranian assistance for the release of the Americans being held hostage in the Middle East. We discussed Israeli suggestions concerning the initiative, especially concerning a transfer of arms from the United States and assistance in the release of hostages from Iran as a means of establishing with each side the good faith of the other. One legal issue that was raised concerned the appropriate statutory authority for an arms transfer as part of the strategic initiative. I was present at the meeting both as the President's legal advisor and as a member of the Cabinet. Based on my familiarity with a 1981 opinion by Attorney General William French Smith, I concurred with the view of Director Casey that it would be legal for the President to authorize arms transfers pursuant to the National Security Act.

Admiral Poindexter and Director Casey favored the initiative; Secretary Shultz and Secretary Weinberger opposed it. My own counsel was that, while very close, the benefits seemed to outweigh the risks, especially since I had the impression that a time frame of 30 to 60 days was contemplated and that the risks were, therefore, short-term.

It is my recollection that the meeting included a brief discussion that a presidential finding would be necessary because of the proposed involvement of the Central Intelligence Agency. I believe there was also a discussion of the necessity of notifying Congress and the legality of delaying that notification because of the extreme hazard to the hostages and others. I do not recall anyone at the meeting arguing in favor of immediate notification. With regard to the legality of the delay, I do recall stating that I believed a short delay was appropriate but wanted to examine the statute before I agreed that such a postponement would be permissible. At the conclusion of the meeting, the President decided that the project was worth pursuing and directed Admiral Poindexter and Director Casey to proceed.

I should add parenthetically that it was not my understanding at that meeting that anyone was discussing an arms-for-hostages transaction, or that the President understood the proposal in those terms. Quite the contrary, no deals were to be made with any of the groups who had taken or were holding American hostages. The President was firm on this point. A limited number of defensive weapons were to be sold to certain Iranians to demonstrate the United States' good faith. They, in turn, as a display of their good faith, were to negotiate separately with forces in Lebanon for the return of the American hostages. No direct dealings with the hostage-takers nor the payment of any type of ransom were ever contemplated.

Following the January 7 meeting and over the next ten days, I attended one or possibly two follow-up meetings which included Director Casey, Admiral Poindexter, CIA General Counsel Sporkin and me. The one meeting I most clearly recall occurred on January 16, 1986. I believe Secretary Weinberger also attended at least part of that meeting. We discussed section 501 of the National Security Act, the law involving notification to Congress of certain covert activities. General Counsel Sporkin explained his analysis of the statute. After reviewing the statute, I concurred with the Central Intelligence Agency's advice that notification to Congress could, in the circumstances, be postponed due to the imminent danger facing the hostages.

In this regard, I should emphasize that the expectation at the meetings that I attended in January was that the Administration would notify Congress as soon as possible after the hostages were on board an airplane, out of the Middle East, and under the control of the United States. There was no desire or plan to keep this matter from the Congress. There was simply a recognition that this was a highly sensitive activity and that human lives were at stake -- the lives of the American hostages and the lives of the more pragmatic Iranian elements who were willing to attempt a relationship with the United States. We were all acutely aware that if word of the initiative got out, however innocently or inadvertently, it would likely be fatal to the hostages and others helping in their release. It is precisely because of this concern that knowledge of this operation within the Administration was so closely held and shared on only a strict "need-to-know" basis.

Indeed, I was not even kept advised of the Iranian initiative after rendering advice in January of 1986. Apparently there was no continuing need for me to know of efforts undertaken to implement this program. In that regard, I had not been included as a necessary participant in 1985 when the concept of an Iranian strategic initiative had first been suggested and developed. And I, along with some other members of the National Security Council, had not been informed at any time in 1985 about any arms shipments that occurred during that year or about any related presidential findings prepared or signed prior to January, 1986. I had no awareness of such matters until I learned of them for the first time in November, 1986, and thereafter.

As the testimony of others before these Committees has indicated, there were only twc occasions that I can recall in the summer of 1986 when Department of Justice matters prompted a conversation between me and Admiral Poindexter that related to the Iranian initiative. On both occasions, I acted in my capacity as the country's chief law enforcement officer. The first arose as a result of an inquiry from within the Department of Justice concerning a criminal investigation originating in New York relating to arms smuggling to Iran. The suspects in the investigation alleged that the U.S. government had authorized their arms sales. Criminal Division attorneys had asked that I check to be sure that no such authorization existed. I therefore called Admiral Poindexter and received his assurance that the arms sales in question had not been authorized and were not connected with the Iranian initiative. A declaration was subsequently filed in court stating this fact.

The second incident occurred around the end of October, 1986. Admiral Poindexter telephoned me to inquire about a federal investigation which included an air carrier known as Southern Air Transport. He advised that the airline was involved in efforts concerning the Iranian initiative that were at a critical stage. He therefore asked whether it might be possible to delay a scheduled visit of investigators to Southern Air for around ten days so as not to disrupt this activity. I informed Admiral Poindexter that we could not impede, weaken or interfere with the investigation, but that I would check with FBI Director Webster to ascertain if it might be possible to delay certain non-urgent aspects of the inquiry.

Through Associate Attorney General Trott, I was informed by Director Webster on October 30, 1986, that the delay could properly take place without in any respect adversely affecting the investigation. I have since been advised by Director Webster that this is precisely what occurred, that the investigation of Southern Air Transport resumed on November 26, and that it was in no way prejudiced by the delay.

In early November of 1986, events occurred which were of great consequence to the Iranian initiative. On or about November 4, following publication of a story in a Middle Eastern journal, American newspapers began to print widely varying accounts of the matter. On November 7, I advised Charles Cooper, Assistant Attorney General for the Office of Legal Counsel -- the office that assists me in my responsibility as legal advisor to the President and the Executive Branch, including national security matters -- that his efforts would probably be needed on the legal issues that might arise in regard to the Iranian initiative. The following Monday (November 10) I attended a meeting with the President and other advisors at which the Iranian initiative was generally discussed.

On November 13, the President addressed the nation on the Iranian activities. Six days later, on November 19, he held a press conference on the subject. At Admiral Poindexter's invitation, I attended a meeting in his office the next afternoon, with Director Casey, Assistant Attorney General Cooper, and for most of the time, NSC Counsel Paul Thompson and Lieutenant Colonel North. I was invited, as the President's legal advisor, to review legal aspects of the Iranian initiative prior to Administration witnesses giving scheduled testimony and briefings before Congress.

I recall seeing for the first time at that meeting a draft chronology of events that, from all appearances, had been prepared earlier in the day by the National Security Council staff. In addition, drafts of proposed testimony were distributed -- again, which I was seeing for the first time. Those documents were reviewed and discussed, and corrections and revisions were made at the suggestion of those who had knowledge of specific events.

Questions have been raised during prior hearings of these Committees about my participation in this meeting and whether I "acquiesced" in the statements included in the proposed testimony being prepared. The truth is, I did not at the time have knowledge sufficient to allow me to make any sort of judgment regarding the accuracy of the proposed testimony, or the prepared chronology, or the revisions or corrections that were being suggested. You will recall that the Iranian operation had been rigorously compartmentalized, and only those with a "need to know" were brought into the planning and implementation. Thus, while I was generally aware on November 20, 1986, that there may have been arms transfers to Iran by Israel in 1985, I had no personal knowledge about such shipments, about our role (if any) in assisting with the transfers, or about the contemporaneous knowledge of other Administration officials concerning the details of these shipments.

It was after that meeting, late that evening, when I first learned, in a secure telephone conversation with Mr. Cooper, that there were apparent differences in the recollections of the Secretary of State, former National Security Assistant Robert McFarlane, and perhaps others. I was concerned that great care be taken to resolve these differences so that accurate testimony would be given at the Congressional hearings and briefings the next day. I believed that, because the Iranian initiative had been such a highly sensitive matter and because it had been so rigidly "compartmentalized," no one seemed to have all the facts and all seemed to me to be trying to piece together various parts of the story without full knowledge of the events. As a consequence, there appeared to be considerable confusion as to what occurred when; and the many conflicting and inconsistent news stories only seemed to exacerbate the situation.

It was for this reason that I went to see the President the next day. I advised him of my concerns, and recommended that he have someone undertake a fact-gathering review into the Iranian initiative to ascertain a fuller and more accurate picture of the events and activities that had occurred. The President agreed totally with my assessment and directed me to commence an immediate review. He asked that I complete this task before the National Security Planning Group meeting on this subject that was scheduled for 2:00 p.m. on Monday, November 24.

It might be helpful if I spend a just few minutes on the activity that took place during that weekend. The essential point to keep in mind is that our purpose was not to conduct a criminal investigation. Indeed, on November 21, 1986, there was no hint that criminal activity was in any way implicated in the Iranian arms transactions. Indeed I later learned that the Criminal Division had separately conducted its own independent review of criminal statutes that might possibly be involved, and as reflected in a memorandum dated November 22, 1986, found no basis to suspect that crimes had been committed.

Early Friday afternoon, after my meeting with the President, I discussed the matter of the fact-gathering inquiry with FBI Director William Webster, who concurred that it would be inappropriate to utilize FBI investigators. Our purpose, plain and simple, was to find out what the facts really were and report to the President. I therefore put together a small team of lawyers who were knowledgeable about national security matters and proceeded to systematically talk with each of the persons having information about the Iranian initiative and to review the applicable documents. As Secretary Shultz said in his testimony last week, our efforts in the space of just over three days turned up the essential facts that are still the essential facts today. Obviously, much more information and many additional details have been uncovered by the various investigations and months of effort that have taken place since that weekend. But the basic outline of facts that the President and I related to Congress and the public on November 25, 1986, remains intact today.

From the afternoon of Friday, November 21, 1986, through the evening of Monday, November 24th, a number of people were interviewed, documents were examined and information was obtained from the relevant agencies that had participated in the strategic Iran initiative. Much of the information we obtained has previously been provided to these Committees by the witnesses that have appeared before you and in the depositions and documents which are part of your record. Therefore, I will not chronicle in detail the events of that weekend, but will, of course, be happy to respond to any questions you may have about it.

During our review, we discovered facts indicating that funds obtained from the arms transfers in Iran had been diverted to the Democratic Resistance Forces in Nicaragua. I brought this information to the President, who determined that it should be reported promptly to the Congress and to the American people, and that immediate corrective action should be taken.

Therefore, on Tuesday, November 25, 1986, a briefing for Congressional leaders was held at 11:00 a.m. and a news conference was conducted at noon. Although our information was by no means complete, and we recognized that much investigative activity would follow, the President requested that I disclose all that we had learned to date so that there would be no claim of withholding of information or charge of "cover-up."

Several actions were immediately commenced to pursue necessary followup investigations and remedial actions.

The President announced that he was convening a Special Review Board to investigate and make recommendations to ensure that the mistakes made in implementing national security policy in this case would not occur again.

We also took immediate action concerning the possible criminal law implications of the information which had been uncovered. I, therefore, met with Assistant Attorney General William Weld, who heads the Department's Criminal Division, to discuss the initiation of an investigation by his attorneys and the FBI into the possible violation of criminal statutes. That process was well underway by the same evening. I also directed Deputy Attorney General Arnold Burns to contact the White House Counsel to secure all files in the NSC offices.

As these steps were being taken, it was clear to me that the initiation of an Independent Counsel investigation was probable. The activities of the Criminal Division included the initial inquiry to determine whether the legal and factual predicates required by the statute were present. By December 2, I had concluded that seeking an Independent Counsel was appropriate and advised the President of this fact.

On December 4, the formal request for assignment of an Independent Counsel was presented to the Special Division of the Court of Appeals for the District of Columbia Circuit. That request was ultimately granted and Lawrence Walsh was appointed as Independent Counsel. Since then, I have continued, in accordance with the President's wishes and my own best judgment, to be fully supportive of and cooperative with all the official inquiries into this matter. Today is my sixth session of testimony on this matter. Others in the Department and elsewhere in the Administration have also appeared multiple times; and there has been an unprecedented willing disclosure of perhaps millions of pages of sensitive government documents.

That, in brief, is my knowledge of events surrounding the matters under consideration by these Committees. But I would be remiss if I did not comment on one of the often-stated goals of these hearings -- the need for a constructive relationship between the Executive and Legislative Branches in the conduct of foreign policy.

We have heard some harsh criticism of the Executive Branch over the past several months -- some of which is deserved; some of which is not. Obviously, the destruction of documents and any breakdown of communications within and outside the Administration deserves serious review and reflection. But no branch of government has a monopoly on good intentions, and no branch is without its faults and problems.

NOMINATION OF WILLIAM H. WEBSTER
TO BE DIRECTOR OF CENTRAL INTELLIGENCE

- - -

Wednesday, April 8, 1987

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United States Senate,
Select Committee on Intelligence
Washington, D. C.

The Select Committee met, pursuant to notice, at 10:13 o'clock a.m., in Room SD-628, Dirksen Senate Office Building, the Honorable David Boren, Chairman of the Committee, presiding.

Present: Senators Boren, Nunn, Hollings, Bradley, Cranston, DeConcini, Metzenbaum, Cohen, Roth, Hatch, Murkowski, Specter, Hecht and Warner.

Also Present: Sven E. Holmes, Staff Director/General Counsel; James Dykstra, Minority Staff Director; and Kathleen McGhee, Chief Clerk.

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JUDGE WEBSTER: I am sure that it would, but there was no such indication.

THE CHAIRMAN: Let me turn your attention now to your conversations with Attorney General Meese on November 21st, 1986, when he informed you of his prospective inquiry. I want to go to the nature of the conversation which you had with Mr. Meese on November 21st. Did Mr. Meese explain to you in any kind of detail why he was conducting this inquiry?

JUDGE WEBSTER: Well, it was a very casual conversation; it was not an agenda item. I was just visiting with the Attorney General. And he indicated to me that he had been given the ticket or had been asked by the President to straighten out the various confusing statements that were coming out of various departments of government with respect to what actually had transpired in relation to Iran and that he was going to try to get the facts straight.

Did you want me to proceed, Mr. Chairman, or did you have another question?

SENATOR COHEN: Could you clarify the date on which that conversation took place?

JUDGE WEBSTER: That was Friday, November 21st, Senator.

THE CHAIRMAN: How long did that conversation take?

JUDGE WEBSTER: Oh, I suppose I was in the Attorney General's office for probably maybe 20 minutes, and probably that conversation itself took about a minute and a half, I guess.

THE CHAIRMAN: So it was a very brief conversation about this inquiry. And I understand that at that time you offered assistance. Looking back, do you think -- and we always can look back with more in our minds in hindsight than we would have understood at the time -- do you think that the Attorney General would have been better advised to have had someone from the FBI or the Justice Department with extensive criminal law experience take part in that inquiry?

JUDGE WEBSTER: Well, I first should emphasize, Mr. Chairman, that neither of us saw this as a criminal inquiry. The purpose was to try to get the facts straight so that the government could be speaking with one accurate voice. And when I made that offer of assistance, I was thinking primarily in terms of manpower resources. Is there anything we can do in that way for you? He was also thinking in terms of an inquiry, a fact-finding inquiry to report back to the President. So neither of us were thinking in criminal terms.

You can always look back and ask in light of what transpired, could the FBI agents have done a better job of conducting such an inquiry or looking for materials. I don't think we're in a position yet to know really the answers to that question. There is also the downside of sending FBI agents into the White House when there is no known criminal activity to investigate. So you can say, sure, maybe we knew better how to ask the questions or maybe we knew better how to do something else. But it was not a criminal inquiry. The Attorney General took his own group of experienced attorneys from the Department of Justice. And I am just not able to say that in hindsight we could have done a better job than they did.// But that --

THE CHAIRMAN: Had you known that it was going to indeed turn into a criminal inquiry, which it did four days later, in essence, when you were asked to bring the Bureau into it, thinking specifically about the need to protect records and the need to protect potential evidence, had you known on the 21st that this was to become a criminal inquiry, would you at that time have advised the Attorney General that either the FBI or those within the Justice Department who have dealt with a criminal inquiry should have been brought into it specifically to protect evidence?

JUDGE WEBSTER: Absolutely, Mr. Chairman. If I might go one step further, I am confident the Attorney General wouldn't have had to have that; he would have asked for it had he known it would be a criminal.

THE CHAIRMAN: Well, I gather then it does not surprise you that the Attorney General in his testimony before the Committee on December 17th, which we have released today, testified that you agreed, and I quote from this, you agreed that it would not be appropriate for the FBI to be brought in at that time.

JUDGE WEBSTER: That is correct.

THE CHAIRMAN: This morning you have entered into the record some comments in regard to a memorandum, an internal FBI memorandum dated October 30th, which bears your initials, which indicates that an official at the Justice Department had speculated that Colonel North might someday come under a criminal investigation, and that certain information which was contained in this memorandum might best be withheld from him at that time. I wondered if, when you had those discussions with Attorney General Meese on November 21st, it must have been known that Colonel North was one of those involved with the Iranian matter, if you had in mind or gave any thought to this information passing across your desk, that there were at least some people in the Justice Department who had suspicion that Colonel North might become the target of criminal investigation?

JUDGE WEBSTER: No, I have to tell you in all candor it was not on my mind. In fact, I don't even recall seeing it until it was called to my attention recently in connection with preparing the answers to these questions. It came up with the kinds of informational notes that come up literally by the dozens, call for no action on my part, had been reviewed by all of my career subordinates in the criminal line. I really did not have that in mind.

THE CHAIRMAN: So there was nothing in your mind at that time that caused you to have any feeling that this might turn into a criminal investigation.

JUDGE WEBSTER: No, Mr. Chairman. It was entirely focused on Iran and the Iranian situation, the Iranian initiative. I frankly have entertained some ill ease about the role of the National Security Council in those areas, but I had no question about whether anything illegal was taking place.

THE CHAIRMAN: Let me go now directly to the point of oversight responsibility, and of course as you know, prior notification is to be given to this Committee, or at least in extraordinary circumstances to the leadership of this Committee in regard to covert actions, significant intelligence gathering activities,